

CITY COUNCIL REGULAR SESSION

Ordinance establishing the amount of property taxes to be levied for the year 2019, the first year of the City of Bellevue's 2019-2020 fiscal biennium.

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EXECUTIVE SUMMARY

Staff will present an Ordinance and a Resolution related to the 2019 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 2019.
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 (this will follow action on the 2019 property tax levy).

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

RECOMMENDATION

Move to adopt Ordinance No. 6444.

If approved, effective date: 12/13/2018

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 2018 and 2019 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 2019 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.

	2018	Preliminary 2019	\$ Change	% Change
Bellevue Assessed Valuation (In Billion \$)	\$56.3	\$64.7	\$8.4	15%
Regular Property Tax Rate*	0.71	0.63	-0.07	-10%

Per \$1,000 Assessed Valuation Parks Voted Property Tax Rate*	0.07	0.06	-0.01	-13%
Per \$1,000 Assessed Valuation Fire Facilities Voted Property Tax Rate*	0.11	0.10	-0.01	-11%
Per \$1,000 Assessed Valuation Neighborhood Safety, Connectivity and Congestion Voted Property Tax Rate*	0.14	0.12	-0.01	-11%
Per \$1,000 Assessed Valuation Total Regular & Voted Property Tax Levy Rates*	\$1.03	\$0.92	-\$0.11	-11%
*Rates rounded to the nearest hundredth				

A Bellevue property with an estimated 2019 median AV home of \$931,000 will pay an estimated \$856 for all City regular and voted 2019 levies. Of the \$856, the proposed regular property tax levy is expected to cost this Bellevue homeowner \$592 per year, the parks and natural area levy lid lift an estimated annual cost of \$58, the fire facilities improvements levy lid lift an estimated annual cost of \$94 and the neighborhood safety, connectivity and congestion levy lid lift an estimated annual cost of \$112.

The 2019 property tax levy components are shown below:

2018 Regular Property Tax Levy	\$39,856,004
Plus 2008 Parks & Natural Area Voted Levy	4,049,000
Plus 2016 Fire Facilities Voted Levy	6,335,757
Plus 2016 Neighborhood Safety, Connectivity and Congestion Voted Levy	7,602,908
Plus New Construction Levy	945,858
Plus Annexation Levy	-
Plus Refund Levy	98,638
Plus 1% Annual Available*	578,437
Plus Banked Capacity	-
2019 Regular & Voted Levies	\$59,466,602
Change from 2018	\$1,622,933
% Change	2.8%

*Distributed by \$439,050 to the General Fund and \$139,387 to the Capital Improvement Program (CIP) for increases associated with the Fire Facilities Levy and the Neighborhood Safety, Connectivity and Congestion levy.

The estimated 2019 regular and voted property tax levy is \$59,466,602 which, when combined with existing and passed levy lid lifts, is \$9,013,248 less than that allowed under current law which limits the increase from the prior highest allowable regular levy 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.

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.

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 2019 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 2019 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

State law

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 December 3.

OPTIONS

1. Adopt the Ordinance establishing the amount of property taxes to be levied for the year 2019, the first year of the City of Bellevue's 2019-2020 fiscal biennium.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Ordinance No. 6444

AVAILABLE IN COUNCIL LIBRARY

N/A