

November 27, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Ordinance establishing the amount of property taxes to be levied for the year 2018, the second year of the City of Bellevue's 2017-2018 fiscal biennium.

FISCAL IMPACT

Tonight, staff will present two actions (1) an Ordinance setting the property tax for 2018 and (2) a Resolution preserving banked capacity (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 2018.
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 Ordinance is the first of the two property levy actions.

The total 2018 Regular and Voted Property tax levies of \$57,788,577 is comprised of a \$57,225,220 regular and voted and \$563,357 equaling the 1 percent statutorily available annual increase. The 1 percent increase is distributed by \$427,604 to the General Fund, \$135,753 to the Capital Improvement Program (CIP) for increases in accordance with voter approved ballot language for the Fire Levy and Neighborhood Safety, Connectivity and Congestion levy. This increase would cost a homeowner with a median assessed property value of \$791,000, \$6 annually.

The 2018 property tax levy components are shown below:

		% Increase (Decrease)
2017 Regular Property Tax Levy	\$38,711,407	
Plus Parks & Natural Area Voted Levy	\$4,049,000	
Plus Fire Facilities Voted Levy	\$6,170,585	
Plus Neighborhood Safety, Connectivity, & Congestion Voted Levy	\$7,404,702	
Plus New Construction Levy	\$718,017	1.9%
Plus Annexation Levy	-	-
Plus Refund Levy	\$171,509	
Plus 1% Annual Available*	\$563,357	1.0%
2018 Regular & Voted Levies	\$57,788,577	2.6%

*Distributed by \$427,604 to the General Fund, \$135,753 to the Capital Improvement Program (CIP) for increases in accordance with voter approved ballot language for the Fire Levy and Neighborhood Safety, Connectivity and Congestion levy.

The 2018 regular and voted property tax levy is \$57,788,577 which, when combined with existing and passed levy lid lifts, is \$9,065,633 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 2018 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 2018 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.

STAFF CONTACTS

Toni Call, Finance Director, 452-7863

David Baldwin, Budget Division Manager, 452-2017

Finance Department

POLICY CONSIDERATION

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 us in October 2017 that the City must certify its property tax levies by December 1.

BACKGROUND

By state law, the City is required to adopt property taxes annually.

The amount of this 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 2017 and 2018 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 2018 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.

	2017	Preliminary 2018	\$ Change	% Change
Bellevue Assessed Valuation (In Billion \$)	\$49.4	\$56.3	\$6.9	14.1%
Regular Property Tax Rate*	0.78	0.71	-0.07	-9.6%
Per \$1,000 Assessed Valuation				
Parks Voted Property Tax Rate*	0.08	0.07	-0.01	
Per \$1,000 Assessed Valuation				
Fire Facilities Voted Property Tax Rate*	0.125	0.11	-0.014	
Per \$1,000 Assessed Valuation				
Transportation Voted Property Tax Rate*	0.15	0.13	-0.016	
Per \$1,000 Assessed Valuation				
Total Regular & Voted				
Property Tax Levy Rates*	\$1.14	\$1.03	-\$0.11	-10.1%

*Rates rounded to the nearest hundredth

A Bellevue property with a 2018 median AV home of \$791,000 will pay an estimated \$513 for all regular and voted 2018 levies. Of the \$513, the proposed regular property tax levy is expected to cost this Bellevue homeowner \$354 per year, the parks and natural area levy lid lift an estimated annual impact of \$36, the fire facilities improvements levy lid lift an estimated annual impact of \$56, and the neighborhood safety, connectivity and congestion levy lid lift an estimated annual impact of \$67.

EFFECTIVE DATE

If approved, this Ordinance becomes effective on December 7, 2017.

OPTIONS

1. Adopt the Ordinance establishing the amount of property taxes to be levied for the year 2018, the second year of the City of Bellevue's 2017-2018 fiscal biennium.
2. Do not adopt the Ordinance and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Ordinance No. 6388 establishing the amount of property taxes to be levied for the year 2018, the second year of the City of Bellevue's 2017-2018 fiscal biennium.

ATTACHMENTS

Proposed Ordinance No. 6388

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

N/A