



TO: T.C. Broadnax, City Manager
FROM: Tadd Wille, Budget Director
Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Request for Ordinance to Approve Revenues from Property Tax Levy on November 17, 2015
DATE: October 28, 2015

SUMMARY:

The City of Tacoma is required by state law to annually approve the regular levy on property taxes. Staff recommends that the City Council set the estimated 2016 levy amount for the regular property tax levy at \$54,899,963.85.

STRATEGIC POLICY PRIORITY:

- Strengthen and maintain a strong fiscal management position

BACKGROUND:

Pursuant to RCW 84.52.020 and RCW 84.52.070, the City of Tacoma must pass an ordinance that identifies the estimated revenues raised by taxation on the assessed valuation of the property in the city.

ISSUE:

The City of Tacoma must take two actions to set the regular property tax levy for 2016:

- Approve the total regular levy amount to be collected – State law requires that the City adopt an ordinance that states how much in property taxes the City is requesting to collect in 2016.
- Approve the percentage and dollar increase over the prior year’s actual levy – State law requires that the City Council approve a separate ordinance or resolution that states the percentage and dollar increase of this year’s levy request over the prior year’s actual levy. This action establishes the City’s highest allowable levy amount.

This ordinance will set the estimated 2016 general property tax revenue collection at \$54,899,963.85, a 1% increase over the highest past regular levy amount of \$54,356,399.85. The 2016 property tax levy estimate does not include new construction or refunds.

The City anticipates that it can collect an additional \$920,498 due to the value of new construction and improvements and \$252,014 in the refund levy. The total estimated property tax of \$56,072,476 is consistent with the 2015-2016 Adopted Budget.

Jurisdictions with populations of 10,000 or greater are limited to increasing the City’s levy by the lower of 1% or the rate of inflation. The implicit price deflator, used to measure inflation, is 0.251%. With the statement of substantial need, the 2016 collection can increase 1% over the City’s highest levy amount since 1985.

ALTERNATIVES:

Pursuant to RCW 84.52.020 and RCW 84.52.070 the City of Tacoma is required to pass an ordinance to set the estimated amount of revenue from the property tax levy; therefore, staff has not identified an alternative.



RECOMMENDATION:

Staff recommends that the City Council approve the ordinances to set the estimated amount of revenue from the property tax levy at \$54,899,963.85, exclusive of new construction and refunds.

FISCAL IMPACT:

The ordinance will set the property tax levy at \$54,899,963.85, exclusive of new construction and refunds. With new construction and refunds, property tax is estimated at \$56,072,476. In 2015, staff anticipated property tax revenues to be approximately \$53 million due to historical collection rates of 95%.

EXPENDITURES:

| FUND NUMBER & FUND NAME * | COST OBJECT (CC/WBS/ORDER) | COST ELEMENT | TOTAL AMOUNT |
|---------------------------|-------------------------------|--------------|--------------|
| | | | |
| | | | |
| TOTAL | | | |

* General Fund: Include Department

REVENUES:

| FUNDING SOURCE | COST OBJECT (CC/WBS/ORDER) | COST ELEMENT | TOTAL AMOUNT |
|---------------------|-------------------------------|---------------------------|------------------------|
| 0010 – General Fund | 104100 - Fin Treas GF | 4311100 – Property Tax | \$53,437,069.55 |
| | | | |
| TOTAL | | | \$53,437,069.55 |

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: None

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes