



**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 State the Dollar and Percent Increase for the Property Tax Levy on November 8, 2016  
**DATE:** October 18, 2016

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**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 authorize a 0.574865% and \$344,179.14 dollar increase to the City's actual levy from 2016. By authorizing the increase, the City is allowing the regular levy be set at the highest allowable levy amount.

**STRATEGIC POLICY PRIORITY:**

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

In order to increase the City's highest lawful levy, the City is required to authorize the percent and dollar increase over the City's actual levy from the previous year.

**ISSUE:**

The City of Tacoma must take two actions to set the regular property tax levy for 2017:

- 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 2017.
- 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 authorize a 0.574865% and \$344,179.14 dollar increase over previous year's actual levy of \$59,871,343.75. By authorizing the increase, the City is allowing the regular levy be set at the highest allowable amount levy amount. This is consistent with the 2017 revenues projected in the 2017-2018 Proposed 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 0.953%. With the statement of substantial need, the 2017 collection can increase 1% over the City's highest levy amount since 1985.

**ALTERNATIVES:**

The City of Tacoma is required to authorize the percent and dollar increase in order to increase the City's highest levy; therefore, staff has not identified an alternative.



**RECOMMENDATION:**

Staff recommends that the City Council approve the ordinance to authorize a 0.574865% and \$344,179.14 dollar increase to the City's actual levy amount from 2016.

**FISCAL IMPACT:**

There is no fiscal impact. The fiscal impact note is included on the ordinance to approve the property tax levy.