



TO: Elizabeth Pauli, City Manager
FROM: Katie Johnston, Budget Officer, Office of Management and Budget
Andrew Cherullo, Finance Director, Finance
COPY: City Council and City Clerk
SUBJECT: Ordinance – Approve Revenues from Property Tax Levy – November 9, 2021
DATE: October 19, 2021

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 2021 levy amount for the regular property tax levy at \$69,526,227.

STRATEGIC POLICY PRIORITY:

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

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 2021:

- 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 2022.
- 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 2022 general property tax revenue collection at \$69,526,227, a 1% increase over the highest past regular levy amount of \$68,837,849. This amount includes the \$0.20 per \$1,000 Assessed Value Levy Lid Lift for street improvements; the initiative was implemented in 2016 with approval of the voters. The 2021 property tax levy estimate does not include new construction.

The City anticipates that it can collect an additional \$890,860 due to the value of new construction and improvements and \$131,953 in the refund levy. The total estimated property tax of \$70,549,040 is consistent with the property tax projected in the 2021-2022 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 1%.

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 \$69,526,227 exclusive of new construction and refunds.

FISCAL IMPACT:

The ordinance will set the property tax levy at \$69,526,227 exclusive of new construction and refunds. With new construction and refunds, property tax is estimated at \$70,549,040 which is consistent with the property tax projected in the 2021-2022 Proposed Budget. In 2022, staff anticipates property tax revenues to be approximately 68.8 million due to historical collection rates of 97.5%. \$4.4 million will fund the City’s Streets Initiative and \$64.4 million will support the City’s General Fund.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
0010 – General Fund	Various	Various	\$ 64,415,987
1085 – Voted Streets Initiative	Various	Various	\$4,369,327
TOTAL			\$ 68,785,314

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
0010 – General Fund	652000 - ND Revenues	4311100 – Property Tax	\$ 64,415,987
1085 – Voted Streets Initiative	663020 - Streets Init Revenue	4311100 – Property Tax	\$4,369,327
TOTAL			\$ 68,785,314

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: YES

This will increase the 2022 budgeted property tax revenue in the General Fund and Special revenue fund. (1185-Voted Street Initiative).

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes