



TO: Elizabeth Pauli, City Manager
FROM: Katie Johnston, Budget Manager, Office of Management & Budget *KJ*
Andy Cherullo, Finance Director
COPY: City Council, Tadd Wille, Assistant City Manager, and City Clerk
SUBJECT: Request for Ordinance to Approve Revenues from Property Tax Levy – October 31, 2017
DATE: October 22, 2017

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 2018 levy amount for the regular property tax levy at \$61,675,802.07.

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 2018:

- 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 2018.
- 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 2018 general property tax revenue collection at \$61,675,802.07, a 1% increase over the highest past regular levy amount of \$61,065,150.56. 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 2018 property tax levy estimate does not include new construction.

The City anticipates that it can collect an additional \$1,168,666.19 due to the value of new construction and improvements and \$343,381.55 in the refund levy. The total estimated property tax of \$63,187,849.81 is consistent with the property tax projected in the 2017-2018 Budget.

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 \$61,675,802.07, exclusive of new construction and refunds.



FISCAL IMPACT:

The ordinance will set the property tax levy at \$61,675,802.07, exclusive of new construction and refunds. With new construction and refunds, property tax is estimated at \$63,187,849.81 which is consistent with the property tax projected in the 2017-2018 Budget. In 2018, staff anticipates property tax revenues to be approximately \$61.61 million due to historical collection rates of 97.5%. \$3.9 million will fund the City's Streets Initiative and \$57.7 million the City's General Fund.

EXPENSES:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
0010 – General Fund	652000 - ND Revenues	4311100 – Property Tax	\$57,696,551.79
1085 – Voted Streets Initiative	663020 - Streets Init Revenue	4311100 – Property Tax	\$3,911,601.78
TOTAL			\$61,608,153.56

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: None

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes