

# City of Federal Way 2015 PROPERTY TAX LEVY

2015/16 Proposed Biennial Budget  
November 18, 2014

Presented:  
Ade' Ariwoola, Finance Director

# Legislative Questions?

- Are we in compliance with RCW 84.55.120?
- Are we in compliance with RCW 84.55.010?
- Are we in compliance with RCW 84.55.0101?
- What is the percent increase over last year, other than new construction?
- What is the rate?
- How does it compare to other entities?
- Are we in compliance with RCW 84.52.020?

# RCW 84.55.120 – Public Hearing

- (1) A taxing district, other than the state, that collects regular levies must hold a public hearing on revenue sources for the district's following year's current expense budget. The hearing must include consideration of possible increases in property tax revenues and must be held prior to the time the taxing district levies the taxes or makes the request to have the taxes levied. The county legislative authority, or the taxing district's governing body if the district is a city, town, or other type of district, must hold the hearing. For purposes of this section, "current expense budget" means that budget which is primarily funded by taxes and charges and reflects the provision of ongoing services. It does not mean the capital, enterprise, or special assessment budgets of cities, towns, counties, or special purpose districts.
- (2) If the taxing district is otherwise required to hold a public hearing on its proposed regular tax levy, a single public hearing may be held on this matter.
- (3)(a) Except as provided in (b) of this subsection (3), no increase in property tax revenue may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution may cover a period of up to two years, but the ordinance must specifically state for each year the dollar increase and percentage change in the levy from the previous year.
- (b) Exempt from the requirements of (a) of this subsection are increases in revenue resulting from the addition of:
  - (i) New construction;
  - (ii) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;
  - (iii) Improvements to property; and
  - (iv) Any increase in the value of state-assessed property.

# RCW 84.55.010 – Limitations Prescribed

- Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year does [do] not exceed the **limit factor** multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:
  - (1) New construction;
  - (2) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;
  - (3) Improvements to property; and
  - (4) Any increase in the assessed value of state-assessed property

# RCW 84.55.0101 – Authorization for Taxing District to use 101% or less

- Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a **limit factor** under this chapter **of one hundred one percent or less**. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a **majority plus one vote must** approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

# RCW 84.52.020 – City & District Budgets to Be Filed With CLA.

- It shall be the duty of the city council or other governing body of every city, other than a city having a population of three hundred thousand or more, the board of directors of school districts of the first class, the superintendent of each educational service district for each constituent second-class school district, commissioners of port districts, commissioners of metropolitan park districts, and of all officials or boards of taxing districts within or coextensive with any county required by law to certify to the county legislative authority (CLA), for the purpose of levying district taxes, budgets or estimates of the amounts to be raised by taxation on the assessed valuation of the property in the city or district, through their chair and clerk, or secretary, to make and file such certified budget or estimates with the clerk of the county legislative authority on or before the ~~thirtieth day of November~~ fifth of December.

# Proposed Ordinance

- Public Hearing –
  - November 4, 2014
  - November 18, 2014
- Limit factor – 101%
- Rates:
  - Old – 1.396 per \$1,000 of AV
  - New - 1.254 per \$1,000 of AV
- Percent Increase over Last Year – 0.59%
- Total property tax revenue increase of \$60,424 & new const. etc.
- This Ordinance will be certified and sent by Dec. 5.

# The Rate & History

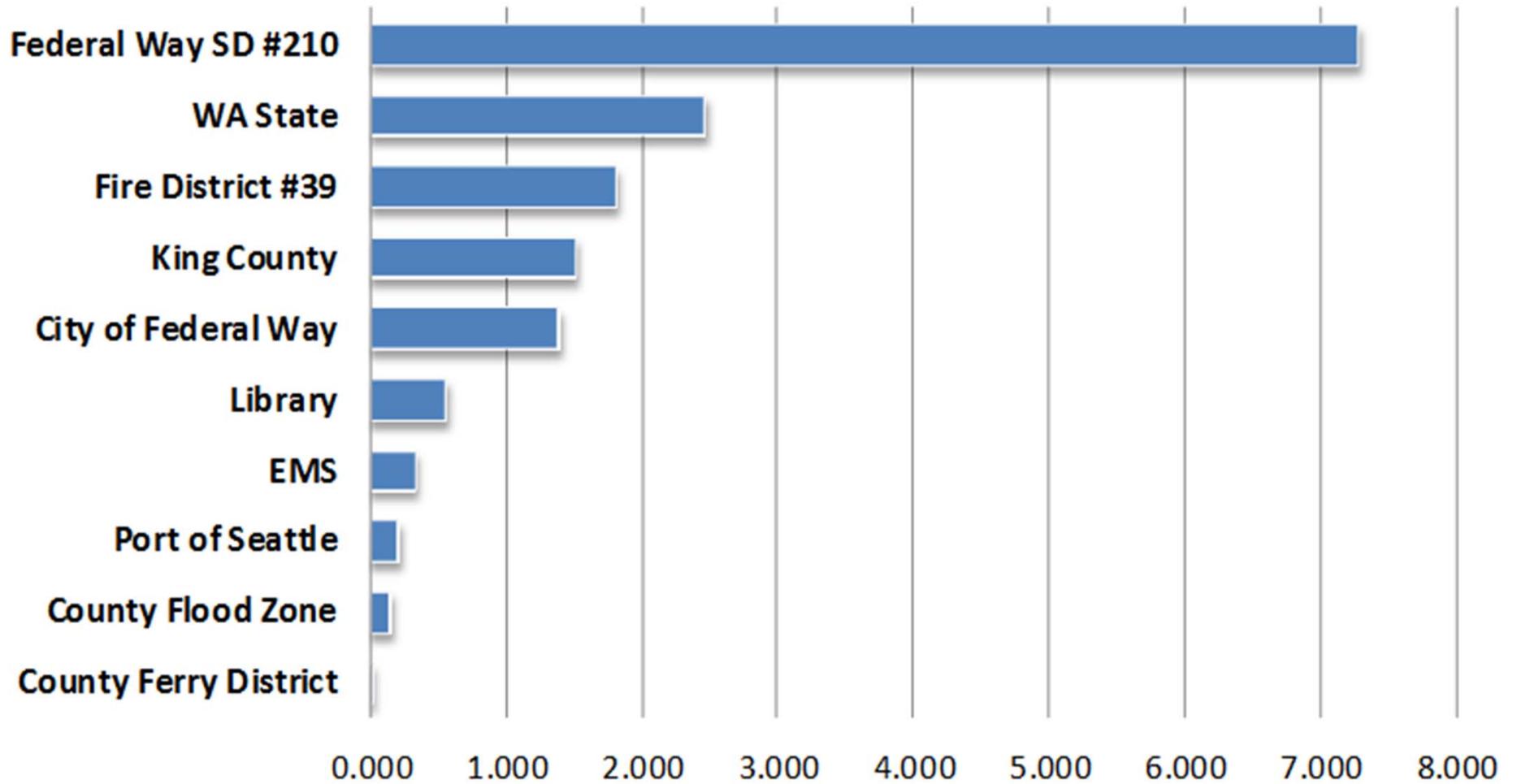
## PROPERTY TAX DISTRIBUTION

Property Tax		2014 Voted	2014 Non-Voted	2014 Total
1	City of Federal Way	0.00000	1.39626	1.39626
2	School District	7.28151	0.00000	7.28151
3	King County	0.54500	0.97079	1.51579
4	Washington State	0.00000	2.47040	2.47040
5	County Flood Zone	0.00000	0.15369	0.15369
6	Port of Seattle	0.00000	0.21530	0.21530
7	County Ferry District	0.00000	0.00349	0.00349
8	Fire District #39	0.31355	1.50000	1.81355
9	Library	0.06175	0.50000	0.56175
10	EMS	0.00000	0.33500	0.33500
	<b>Total Levy Rate</b>	<b>8.20181</b>	<b>7.54493</b>	<b>15.74674</b>

\*rounding

# Graph of the 2014 Total Rate History

**Chart Title**



# For Every \$ of Property Tax, City Gets!



# City's Rate Compared To Other Cities

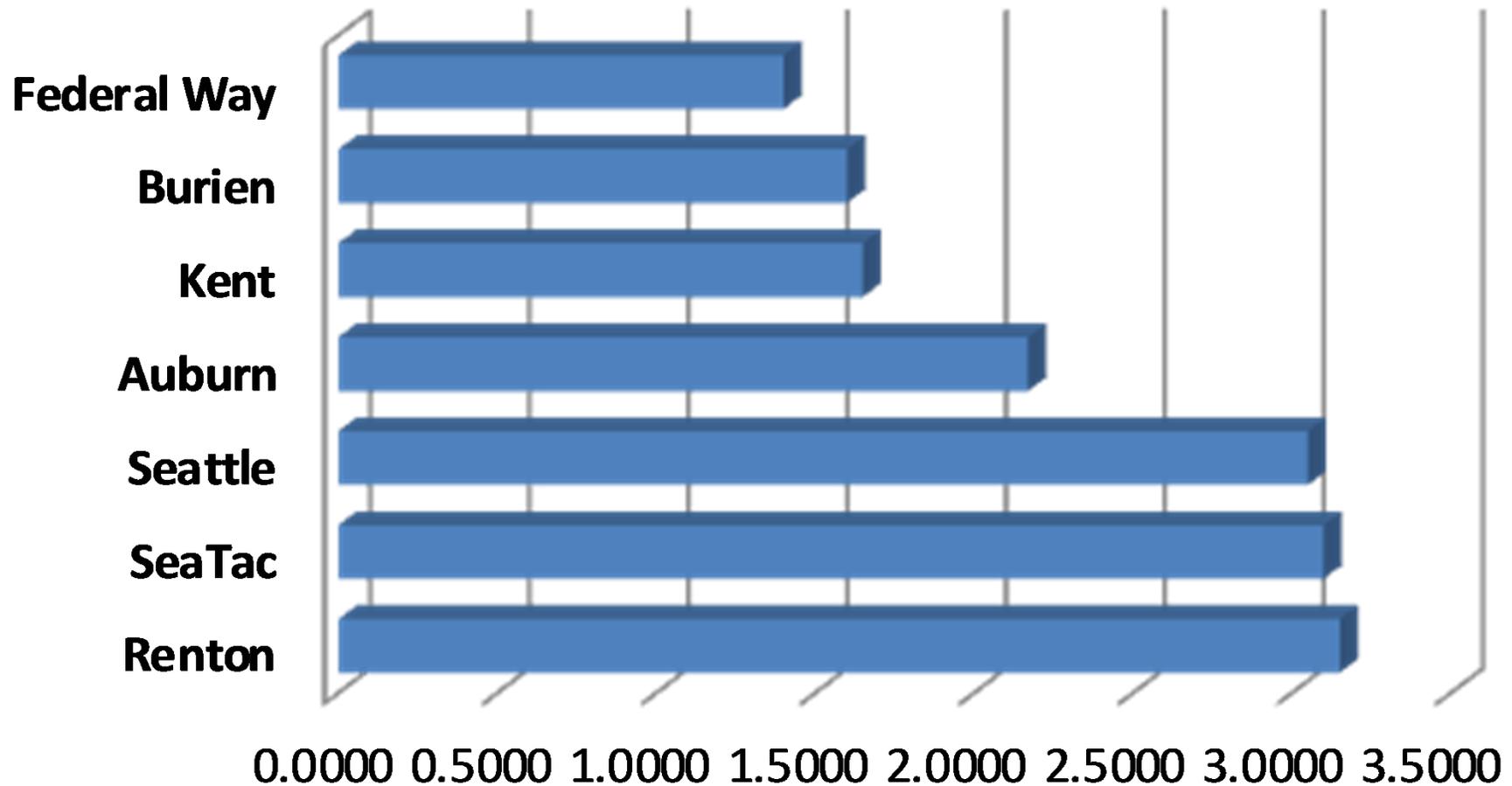
## PROPERTY TAX RATES

Years	Federal Way	Kent	Auburn	Burien	Renton	Seattle	SeaTac
2004	1.30	2.85	2.88	1.45	3.33	3.60	2.82
2005	1.27	2.94	2.87	1.47	3.23	3.59	2.80
2006	1.22	2.80	2.73	1.60	3.12	3.38	2.77
2007	1.14	2.56	1.48	1.10	2.88	3.43	2.61
2008	1.04	2.36	1.49	1.39	2.62	3.07	2.45
2009	0.97	2.18	1.49	1.26	2.37	2.86	2.34
2010	1.13	2.36	1.82	1.52	2.71	3.23	2.58
2011	1.20	1.48	1.93	1.56	2.83	3.36	2.80
2012	1.30	1.57	2.08	1.60	3.10	3.58	2.88
2013	1.42	1.69	2.10	1.60	3.10	3.29	3.10
2014	1.40	1.65	2.17	1.60	3.15	3.05	3.10
*2015	1.25	Preliminary					

\*\* Rounding

# 2014 Cities Comparative Graph

## Property Tax Rates



# Policy Question:

Should the City Council increase the regular property tax consistent with the 1% limit factor as authorized by State statute?

## Proposed Levy:

- Based on 1% increase limit, plus new construction
- Preliminary rate is approximately \$1.254 per \$1,000 assessed value

## Mayor's Recommendation:

- Approve the 2015 Property Tax Levy Ordinance
- Authorize the Finance Director to sign the appropriate form

# Questions?

Thank You!

