

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Ordinance No. 946 – Setting the 2022 Regular Property Tax Levy
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget & Tax Manager
<b>ACTION:</b>	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

State law requires that a mid-biennial budget review be completed during the first year of the biennium between September 1 and December 31. At the November 1, 2021 City Council Regular Meeting, the City Council was presented a brief financial update, recommended adjustments to the 2021-2022 Biennial Budget, and provided information on related policy issues. The link to the staff report for this Council discussion is available here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport110121-9a.pdf>.

At the November 8, 2021 City Council Regular Meeting, the City Council conducted public hearings on the 2021-2022 Biennial Budget and the 2021-2026 Capital Improvement Plan Mid-Biennial Update required by state law (RCW 35A.34.130) for the purpose of modifying the City’s biennial budget prior to the City Council’s adoption of proposed Ordinance No. 945, providing for the mid-biennial budget modifications, proposed Ordinance No. 946, setting the 2022 regular property tax levy, proposed Ordinance No. 947, setting the 2022 fee schedule for impact fees, and proposed Resolution No. 484, setting the 2022 fee schedule for rates, fees and charges for services. The links to the staff reports are available here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport110821-8a.pdf> and

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport110821-8b.pdf>.

The public hearings enabled the City Council and City management to hear public comment prior to adoption of the City’s 2021-2022 Budget and 2021-2026 Capital Improvement Plan (CIP) Mid-Biennial Budget Update. This staff report has been issued prior to the public hearings, during which the City Council may have asked for additional information and discussed potential changes to the proposed mid-biennium budget modification, including all proposed levies, taxes, fees, and rates. The questions asked and amendments proposed will be addressed during tonight’s presentation prior to the

scheduled adoption of proposed Ordinance No. 946 establishing the City's 2022 regular property tax levy.

**Regular Property Tax Levy**

State law (RCW 84.55.0101) limits the annual growth of the City's highest regular property tax levy to the lower of the Implicit Price Deflator (IPD) or 1% without voter approval. Since the City belongs to both a fire district and library district, the levy rate is also limited to \$1.60 per \$1,000 of assessed valuation (AV) if these districts are levying their maximum amount. However, the City's Proposition 1 in 2016 included a provision to raise the annual 1% limitation to an annual escalator based upon the June-to-June percentage change of the Consumer Price Index for all Urban Consumers for the Seattle-Tacoma-Bellevue area (CPI-U) in accordance with RCW 84.55.050. The City is able to apply the annual increase percentage of 5.52134% for 2022 to the City's highest regular property tax levy of \$14,227,246 for 2021 and add the new construction levy and a one-time releveling for prior year refunds. It is important to note that because of the City's Proposition 1 approved by voters in 2016, the regular property tax levy should be established annually even though the City Council adopted a budget for the 2021-2022 biennium on November 16, 2020 and subsequently amended through April 2021.

Based on the latest information provided by the King County Assessor's Office, the regular property tax levy represents a dollar increase of \$785,535 and a percentage increase of 5.52134% from the levy amount of the previous year, excluding the addition of new construction, improvements to property, any increase in the value of state assessed property, and administrative refunds made as shown below:

	<u>Amount</u>
<b>2022 Regular Levy</b>	<b>\$15,248,023</b>
Less 2021 Levy	14,227,246
Less New Construction	200,000
<u>Less Refunds</u>	<u>35,242</u>
<b>Total Increase</b>	<b>\$785,535</b>
<b>Percent Increase</b>	<b>5.52134%</b>

**FINANCIAL IMPACT:**

It is anticipated the 2022 Regular Levy will total approximately \$15.248 million. Based on the latest information provided by the King County Assessor's Office, the regular property tax levy represents a dollar increase of \$785,535 and a percentage increase of 5.52134 percent from the levy amount of the previous year, excluding the addition of new construction, improvements to property, any increase in the value of state assessed property, and administrative refunds.

**RECOMMENDATION**

Staff recommends that the City Council adopt Ordinance No. 946 establishing the City's 2022 regular property tax levy.

**ATTACHMENTS:**

Attachment A: Proposed Ordinance No. 946 setting the 2022 regular property tax levy

Approved By: City Manager **DT** City Attorney **MK**

**ORDINANCE NO. 946**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON LEVYING THE GENERAL TAXES FOR THE CITY OF SHORELINE IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2022, THE SECOND YEAR OF THE CITY OF SHORELINE’S 2021-2022 FISCAL BIENNIUM, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY, WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PROVIDING SUFFICIENT REVENUE TO CONDUCT CITY BUSINESS FOR THE SAID FISCAL YEAR AS REQUIRED BY LAW.**

WHEREAS, pursuant to RCW 35A.33.135, the City Council for the City of Shoreline and the City Manager have considered the City’s anticipated financial requirements for 2022 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, pursuant to RCW 84.55.120, a properly noticed public hearing was held on November 8, 2021 to consider the revenue sources including the 2022 regular property tax levy; and

WHEREAS, on November 8, 2016, Shoreline Proposition No. 1 (Basic Public Safety, Parks & Recreation, and Community Services Maintenance and Operations Levy) limiting annual levy increases for the years 2018 to 2022 to the June-to-June percentage change in the Seattle/Tacoma/Bellevue CPI-U was approved by the voters; and

WHEREAS, the maximum change from the 2021 levy to be used for calculating the 2022 regular levy, in addition to new construction, is based on the CPI-U index change from June 2020 to June 2021 which is 5.52134 percent, applied to the City’s highest previous levy of \$14,227,246.00;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1. Regular Property Tax Levy.** Based on the voter-approved limitation on annual levy increases, the City Council of the City of Shoreline has determined that the property tax levy for the year 2022 is fixed and established in the amount of \$15,248,023.00. This property tax levy, excluding the addition of new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred, and administrative refunds made represents a dollar increase of \$785,535.00 and a percentage increase of 5.52134 percent from the levy amount of the previous year, as shown below:

	<b>Amount</b>
<b>2022 Regular Levy</b>	<b>\$15,248,023</b>
Less 2021 Levy	14,227,246
Less New Construction	200,000
Less Refunds	35,242
<b>Total Increase</b>	<b>785,535</b>
<b>Percent Increase</b>	<b>5.52%</b>

**Section 2. Notice to King County.** This Ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Administrative Services Department of the City of Shoreline at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for non-charter code cities.

**Section 3. Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this Ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

**Section 4. Severability.** Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or Federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**Section 5. Effective Date.** This Ordinance shall be in full force five days after publication of this Ordinance, or a summary consisting of its title, in the official newspaper of the City, as provided by law.

**ADOPTED BY THE CITY COUNCIL ON NOVEMBER 15, 2021.**

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Mayor Will Hall

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

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Margaret King  
City Attorney

Date of Publication:           , 2021  
Effective Date:               , 2021