

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on Ordinance No. 972 - Setting the 2023 Regular and Excess Property Tax Levies
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<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:

The City of Shoreline is required to adopt its 2023 property tax levies by ordinance and certify the amount to the County Assessor by November 30, 2022.

Property tax levy increases by local governments are limited to the lower of the Implicit Price Deflator (IPD) or 101% without voter approval. The Revised Code of Washington (RCW) Chapter 84.55.005 and Washington Administrative Code (WAC) Section 458-19-005 provide limit factors and processes which the City must follow in adopting its property tax levy. For cities with a population of 10,000 or greater, the limit factor is the lesser of 100% plus inflation, as measured by the IPD, or 101% of the previous year's levy. State law also limits the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). The July IPD was 0.60%.

On July 18, 2022, City Council adopted Resolution No. 492 placing Proposition 1 on the November 8, 2022, General Election ballot. Proposition 1 replaces the City's expiring levy lid lift by setting the levy rate at \$1.39 and allowing the City to increase its property tax levy annually by the June-to-June percentage change in the Consumer Price Index for All Urban Consumers for the Seattle/Tacoma/Bellevue Area (CPI-U). As of November 14, 2022, voters are approving Proposition 1 with a 62% yes vote.

The preliminary estimate for City property taxes that will be collected in 2023 with the rate set at \$1.39 is \$22.131 million based on the November 3 assessed valuation estimate provided by King County and assuming a 100% collection rate. This revenue is discussed in more detail on pages 66, 76 and 77 in the [2023-2024 Proposed Biennial Budget and 2021-2026 CIP book](#) and in the November 7, 2022, Public Hearing on the Property Tax Levy and other Revenue sources staff report found at this link: [Public Hearing on the 2023-2024 Proposed Biennial Budget with Special Emphasis on 2023 Regular and Excess Property Tax Levies, to be Set by Ordinance No. 972, and Other Revenues](#).

The City also levies an excess property tax levy to collect monies to repay the general obligation bonds issued in 2022 as approved by the voters in February 2022 for park improvements, future park property acquisitions and public art. The total excess levy for general obligation bonds for 2022 is \$2,948,127.09.

Proposed Ordinance No. 972 (Attachment A) adopts both the regular property tax levy and the excess property tax levy to repay the 2022 General Obligation Bonds. While the results of the vote on Proposition 1 seem clear, because the election results will not be validated before adoption of Proposed Ordinance No. 972, the proposed Ordinance includes language that supports either outcome of the election.

FINANCIAL IMPACT:

It is anticipated the 2022 Regular Levy will total approximately \$22.131 million and the excess property tax levy to repay the 2022 general obligation parks bonds issued will total approximately \$2.948 million.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Ordinance No. 972 establishing the City's 2023 regular and excess property tax levies.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 972

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

ORDINANCE NO. 972

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, 2023, THE FIRST YEAR OF THE CITY OF SHORELINE'S 2023-2024 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, AND LEVYING AN EXCESS LEVY FOR THE REPAYMENT OF UNLIMITED GENERAL OBLIGATION BONDS.

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 2023 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 7, 2022 to consider the revenue sources including the 2023 regular property tax levy; and

WHEREAS, on July 18, 2022, the City Council passed Resolution No. 492 concerning a property tax levy for public safety and community services which will be put before the voters of the City of Shoreline as Proposition 1 at the November 8, 2022, regular election; and

WHEREAS, if the voters of the City of Shoreline approve Proposition 1, the 2023 regular property tax levy rate will be set at \$1.39 per \$1,000 of assessed valuation, otherwise the maximum change from the 2022 levy to be used for calculating the 2023 regular property tax levy rate, in addition to new construction, is based on the 1.00 percent levy limit factor, applied to the City's highest previous levy of \$15,136,139; and

WHEREAS, the November 8, 2022, regular election results will not be certified until after the adoption of this Ordinance, therefore, the City Council desires to provide for the property tax levy rate for both the passage of Proposition 1 or the failure of Proposition 1; and

WHEREAS, the voters of the City of Shoreline approved the issuance of \$38,500,000 in unlimited general obligation bonds on April 18, 2022; the City issued the bonds on May 26, 2022, and will begin making debt service payments on the bonds in December of 2022;

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

Section 1. Regular Property Tax Levy.

A. Approval of Shoreline Proposition 1. If the voters of the City of Shoreline approve Proposition 1 at the November 8, 2022, general election, then the regular property tax rate for 2023 shall be as follows:

The property tax rate for 2023 shall be \$1.39 per \$1,000 of assessed valuation.

B. Rejection of Shoreline Proposition 1. If the voters of the City of Shoreline reject Proposition 1 at the November 8, 2022, general election, then the regular property tax rate for 2023 shall be as follows:

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 \$15,626,022.00. 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 \$151,361.00 and a percentage increase of 1.00 percent from the levy amount of the previous year, as shown below:

	Amount
2022 Regular Levy	\$15,626,022
Less 2021 Levy	15,136,139
Less New Construction	250,000
Less Refunds	88,522
Total Increase	151,361
Percent Increase	1.00%

Section 2. Re-levy for Prior Year Refunds. The City shall re-levy for prior year refunds in the amount of \$88,522.00 as allowed under RCW 84.69.020.

Section 3. Voter-Approved Excess Tax Levy for Unlimited General Obligation Bonds. In addition to the above regular property tax levy for the ensuing fiscal year of 2023, a tax is hereby levied to raise revenue to provide for the interest and redemption, a further tax is hereby levied to raise revenue to provide for the interest and redemption of voter-approved general obligation bonds for the fiscal year of 2023 in the amount of \$2,948,127.09. This tax is applicable to all taxable property within the City of Shoreline.

Section 4. Notice to King County. This Ordinance shall be certified to the proper King 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. The Administrative Services Director shall ensure that King County is properly notified of the taxes levied based on the approval or rejection of Proposition 1 by the voters of the City of Shoreline.

Section 5. 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 6. 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 7. Effective Date. This Ordinance shall be in full force five days after publication of a summary of this Ordinance consisting of its title, in the official newspaper of the City, as provided by law, PROVIDED, Section 1(A) shall only become operative on the Effective Date if the voters of the City of Shoreline approve Shoreline Proposition 1, otherwise Section 2(B) shall become operative on the Effective Date.

ADOPTED BY THE CITY COUNCIL ON NOVEMBER 21, 2022.

Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2022
Effective Date: , 2022