



## **INFORMATIONAL MEMORANDUM**

**TO: Finance & Governance Committee**

**FROM: Vicky Carlsen, Finance Director**

**BY: Aaron Williams, Fiscal Manager**

**CC: Mayor Ekberg**

**DATE: October 24, 2021**

**SUBJECT: 2023 Property Tax Levy**

### **ISSUE**

Approval of ordinances adjusting the regular levy from the previous year and adopting the general and excess property tax levies for 2023 by November 30, 2022.

### **BACKGROUND**

A Public Hearing for adoption of the 2023 property tax levy is required by RCW 84.55.120. The Hearing is scheduled for November 14, 2022.

The City was notified on October 17, 2022 that the assessed value for Tukwila for 2023 is projected to be \$8,981,288,883.

The ordinance to set the general tax levy also includes the excess levy related to the Public Safety Plan that voters approved on the November 8, 2016, general election. The City sold \$36.5 million of bonds in 2016 and debt service repayment began in 2017. The remaining voter-approved bonds were sold in October 2019. The excess levy for both bond issues will be assessed for as long as the bonds are outstanding; the final payment for the 2016 issue is scheduled for December 2036 and the final payment for the 2019 issue is scheduled for December 2039. The total excess levy requirement for 2023 debt service is \$4,535,975.

### **DISCUSSION**

#### **Levy Amount**

The assessed value and the allowable levy are subject to change until final levy rate determination. A levy amount of \$17,600,000 will be used for the ordinance. If the final allowable levy is less than the ordinance amount, King County Department of Assessments will adjust the ordinance amount to the final allowable levy amount and no further action by the Council will be required.

Also included in the tax levy ordinance is an excess levy in the amount of \$4,535,975 for debt service related to the unlimited tax obligation bonds that were sold at the end of 2016 and in 2019. All voter-approved bonds have now been issued.

Levy Limit

RCW 27.12.390 allows for a maximum statutory levy rate for cities at \$3.60 per \$1,000 of assessed value, less the actual regular levy made by a library district. RCW 41.16.060 also allows for an additional levy of \$0.225 if a city has a firemen's pension fund. The maximum allowable levy for 2023 is estimated to be \$3.59032. However, due to the 1% limitation, the Levy Limit Worksheet received from King County estimates the City's preliminary levy rate for 2023 at \$1.94813 per \$1,000 of assessed value.

**RECOMMENDATION**

The City Council is being asked to approve the ordinance adopting the General Tax Levy and the ordinance showing the dollar and percent change from the previous year at the November 14, 2022 Committee of the Whole meeting and subsequent November 21, 2022 Regular Meeting. A public hearing has also been scheduled at the November 14, 2022 Committee of the Whole.

**ATTACHMENTS**

Draft Ordinances (2)  
Preliminary Levy Limit Worksheet-2023 Tax Roll

# DRAFT

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, LEVYING THE GENERAL TAXES FOR THE CITY OF TUKWILA IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2023, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN SAID CITY, THAT IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CARRY ON THE SERVICES OF THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE ENSUING YEAR, WITH AN EXCESS PROPERTY TAX LEVY FOR THE PURPOSE OF PAYING DEBT SERVICE ON THE CITY'S UNLIMITED TAX GENERAL OBLIGATION BONDS ISSUED IN 2016 AND 2019, AS REQUIRED BY LAW; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the City of Tukwila has 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**, the following sentence is provided for information only: The maximum Statutory Levy Rate for the City of Tukwila, as allowed by RCW 84.52.043, is \$3.825, which includes \$0.225 for the Firemen's Pension Fund as allowed by RCW 41.16.060; and

**WHEREAS**, the City, pursuant to Ordinance No. 2514, passed on November 21, 2016, authorized the issuance and sale of \$36,500,000 principal amount of the City's Unlimited Tax General Obligation Bonds, 2016 and pursuant to Ordinance No. 2610, passed on July 15, 2019, authorized the issuance and sale of \$40,885,000 principal amount of the City's Unlimited General Obligation Bonds, 2019 (together the "Bonds"); and has determined that to provide the money necessary to pay the debt service requirements on the Bonds in the year 2023, an excess property tax levy in the amount of \$4,535,975 for the Bonds must be levied in year 2022, and collected in year 2023; and

**WHEREAS**, the final assessed valuation calculation has been determined;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:**

**Section 1. Regular and Excess Tax Levy.**

A. There shall be and hereby is levied on all real, personal and utility property in the City of Tukwila, in King County, whose estimated assessed valuation is \$8,981,288,883, current taxes for the ensuing year commencing January 1, 2023, in the amounts specified below:

	<u>Rate</u>	<u>Amount</u>
Regular Tax Levy	\$1.95	\$ 17,600,000
Excess Tax Levy	\$0.50	\$ 4,535,975

B. The said taxes herein provided for are levied for the purpose of payment upon the general bonded indebtedness of the City of Tukwila, the General Fund, and for the maintenance of the departments of the municipal government of the City of Tukwila for the fiscal year beginning January 1, 2023. The regular tax levy includes new construction and improvements to property, estimated to be \$74,619, a re-levy of prior year refunds in the estimated amount of \$20,825, and any increase in the value of state-assessed property.

C. The excess levy is levied for the purpose of debt service payments on the unlimited tax obligation bonds sold to finance costs related to the City's Public Safety Plan, as submitted to the qualified electors of the City at a special election held on November 8, 2016.

**Section 2. Collection.** This ordinance shall be certified to the proper County officials, as provided by law, and taxes here levied shall be collected to pay to the Finance Director of the City of Tukwila at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for non-chartered code cities.

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

**Section 4. Severability.** If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

**Section 5. Effective Date.** This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force and effect January 1, 2023.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at  
a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Christy O'Flaherty, MMC, City Clerk

\_\_\_\_\_  
Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: \_\_\_\_\_

Passed by the City Council: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Ordinance Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney



# DRAFT

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, INCREASING THE CITY OF TUKWILA REGULAR LEVY FROM THE PREVIOUS YEAR, COMMENCING JANUARY 1, 2023, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN COMPLIANCE WITH RCW 84.55.120; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Tukwila has properly given notice of a public hearing held on November 14, 2022, pursuant to RCW 84.55.120; and

**WHEREAS**, after such hearing and after duly considering all relevant evidence and testimony presented, the City Council has determined that in order to discharge its expected expenses and obligations the City requires an increase in property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of State-assessed property; and

**WHEREAS**, the City Council has determined it is in the City's best interest and necessary to meet its expenses and obligations for the property tax revenue to be increased for 2023, and the final assessed valuation calculation has been determined;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:**

**Section 1.** An increase in the regular property tax levy, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of State-assessed property, is hereby authorized for the 2023 levy in the amount of \$158,660, which is a percentage increase of 0.92% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of State-assessed property, any annexations that have occurred and refunds made.

**Section 2. Corrections by City Clerk or Code Reviser Authorized.** Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

**Section 3. Severability.** If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

**Section 4. Effective Date.** This ordinance or a summary thereof shall be published in the official newspaper of the City and shall take effect and be in full force and effect January 1, 2023.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Christy O'Flaherty, CMC, City Clerk

\_\_\_\_\_  
Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

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Ordinance Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney



# PRELIMINARY

## LEVY LIMIT WORKSHEET – 2023 Tax Roll

TAXING DISTRICT: City of Tukwila

The following determination of your regular levy limit for 2023 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

Annexed to Library District

(Note 1)

Estimated Library rate: 0.23468

Using Limit Factor For District	Calculation of Limit Factor Levy	Using Implicit Price Deflator
17,228,992	Levy basis for calculation: (2022 Limit Factor) (Note 2)	17,228,992
<b>1.0100</b>	x Limit Factor	<b>1.0646</b>
17,401,282	= Levy	18,341,468
34,561,877	Local new construction	34,561,877
0	+ Increase in utility value (Note 3)	0
34,561,877	= Total new construction	34,561,877
2.15900	x Last year's regular levy rate	2.15900
74,619	= New construction levy	74,619
<b>17,475,901</b>	Total Limit Factor Levy	<b>18,416,087</b>
<b>Annexation Levy</b>		
0	Omitted assessment levy (Note 4)	0
17,475,901	Total Limit Factor Levy + new lid lifts	18,416,087
8,981,288,883	÷ Regular levy assessed value less annexations	8,981,288,883
1.94581	= Annexation rate (cannot exceed statutory maximum rate)	2.05049
0	x Annexation assessed value	0
<b>0</b>	= <b>Annexation Levy</b>	<b>0</b>
<b>Lid lifts, Refunds and Total</b>		
0	+ First year lid lifts	0
17,475,901	+ Limit Factor Levy	18,416,087
<b>17,475,901</b>	= Total RCW 84.55 levy	<b>18,416,087</b>
20,825	+ Relevy for prior year refunds (Note 5)	20,825
17,496,726	= Total RCW 84.55 levy + refunds	18,436,912
	Levy Correction: Year of Error (+or-)	
<b>17,496,726</b>	<b>ALLOWABLE LEVY (Note 6)</b>	<b>18,436,912</b>
<b>Increase Information (Note 7)</b>		
1.94813	Levy rate based on allowable levy	2.05281
17,242,622	Last year's ACTUAL regular levy	17,242,622
158,660	Dollar increase over last year other than N/C – Annex	1,098,846
0.92%	Percent increase over last year other than N/C – Annex	6.37%
<b>Calculation of statutory levy</b>		
	Regular levy assessed value (Note 8)	8,981,288,883
	x Maximum statutory rate	3.59032
	= <b>Maximum statutory levy</b>	<b>32,245,701</b>
	+Omitted assessments levy	0
	=Maximum statutory levy	<b>32,245,701</b>
	Limit factor needed for statutory levy	Not usable

ALL YEARS SHOWN ON THIS FORM ARE THE YEARS IN WHICH THE TAX IS PAYABLE.

Please read carefully the notes on the reverse side.



Notes:

- 1) Rates for fire districts and the library district are estimated at the time this worksheet is produced. Fire district and library district rates affect the maximum allowable rate for cities annexed to them. These rates *will* change, mainly in response to the actual levy requests from the fire and library districts. Hence, affected cities may have a higher or lower allowable levy rate than is shown here when final levy rates are calculated.
- 2) This figure shows the maximum *allowable levy*, which may differ from any actual prior levy if a district has levied less than its maximum in prior years. The maximum allowable levy excludes any allowable refund levy if the maximum was based on a limit factor. The maximum allowable levy excludes omitted assessments if the maximum was determined by your district's statutory rate limit. If your district passed a limit factor ordinance in the year indicated, that limit factor would help determine the highest allowable levy. However, if the statutory rate limit was more restrictive than your stated limit factor, the statutory rate limit is controlling.
- 3) Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
- 4) An omitted assessment is property value that should have been included on a prior year's roll but will be included on the tax roll for which this worksheet has been prepared. Omitted are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080-085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as a current year's receivable.
- 5) Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislature.
- 6) A district is entitled to the lesser of the maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
- 7) This section is provided for your information, and to assist in preparing any Increase Ordinance that may be required by RCW 84.55.120. The increase information compares the allowable levy for the next tax year with your ACTUAL levy being collected this year. The actual levy excludes any refund levy and expired temporary lid lifts, if applicable. New construction, annexation and refund levies, as well as temporary lid lifts in their initial year, are subtracted from this year's *allowable* levy before the comparison is made.
- 8) ***Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.***