



## **INFORMATIONAL MEMORANDUM**

**TO:** Finance & Governance Committee

**FROM:** Vicky Carlsen, Finance Director

**BY:** Aaron Williams, Fiscal Manager

**CC:** Mayor Ekberg

**DATE:** October 17, 2023

**SUBJECT:** 2024 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 2024 by November 30, 2023.

### **BACKGROUND**

A Public Hearing for adoption of the 2024 property tax levy is required by RCW 84.55.120. The Hearing is scheduled for November 13, 2023.

The City was notified on October 5, 2023 that the assessed value for Tukwila for 2024 is projected to be \$9,267,988,624.

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 2024 debt service is \$4,800,000.

### **DISCUSSION**

#### **Levy Amount**

The assessed value and the allowable levy are subject to change until final levy rate determination. A levy amount of \$18,400,000 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 \$4,800,000 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 \$3.56297. However, due to the 1% limitation, the Levy Limit Worksheet received from King County estimates the City's preliminary levy rate for 2024 at \$1.94136 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 13, 2023 Committee of the Whole meeting and subsequent November 20, 2023 Regular Meeting. A public hearing has also been scheduled at the November 13, 2023 Committee of the Whole.

**ATTACHMENTS**

Draft Ordinances (2)  
Preliminary Levy Limit Worksheet-2024 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, 2024, 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 2024 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 2024, an excess property tax levy in the amount of \$4,535,975 for the Bonds must be levied in year 2023, and collected in year 2024; 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 \$9,267,988,624, current taxes for the ensuing year commencing January 1, 2024, in the amounts specified below:

	<u>Rate</u>	<u>Amount</u>
Regular Tax Levy	\$1.94	\$ 18,400,000
Excess Tax Levy	\$0.52	\$ 4,800,000

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, 2024. The regular tax levy includes new construction and improvements to property, estimated to be \$221,385, a re-levy of prior year refunds in the estimated amount of \$81,227, 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, 2024.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at  
a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

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, 2024, 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 13, 2023, 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 2024, 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 2024 levy in the amount of \$154,351, which is a percentage increase of 0.88% 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, 2024.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST/AUTHENTICATED:

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Christy O'Flaherty, CMC, City Clerk

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



**PRELIMINARY LEVY LIMITATIONS WORKSHEET 10.12.2023**

TAXING DISTRICT	Tukwila		2023	Levy for	2024	Taxes	IPD: 1.03670
A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).							
Year	2023	\$17,514,762	x	101.000%	=	\$17,689,910	
		Highest Lawful Levy Since 1985		Limit Factor/Max Increase 101%			
B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).							
	\$113,689,510	x	1.94728	+	\$1,000	=	\$221,385
	A.V.		Last Year's Levy Rate				
C. Tax Increment finance area increment AV increase (RCW 84.55.010(1)€) (value included in B & D cannot be included in C)							
	\$0	x	1.94728	+	\$1,000	=	\$0
	A.V.		Last Year's Levy Rate				
D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).							
	\$252,416,094	-	\$252,416,094	=	\$	-	
	Current Year's A.V.		Previous Year's A.V.			Remainder	
	\$0	x	1.94728	+	\$1,000	=	\$0.00
	Remainder from Line C		Last Year's Levy Rate				
E. Regular property tax limit: ..... A+B+C+D = \$17,911,295							
Parts F through H are used in calculating the additional levy limit due to annexation.							
F. To find the rate to be used in F, take the levy limit as shown in Line E above and divide it by the current assessed value of the district, excluding the annexed area.							
	\$17,911,295	÷	\$9,267,988,624	x	\$1,000	=	1.93259
	Total in Line E		Assessed Value Less Annexed AV				
G. Annexed area's current assessed value including new construction and improvements, times the rate in Line E.							
	\$0	x	1.93259	÷	\$1,000	=	\$0.00
	Annexed Area's A.V.		Rate in Line F				
H. Regular property tax limit including annexation ..... E+G = \$17,911,295							
I. Statutory maximum calculation							
Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library, or has a firefighters pension fund.							
	3.60000	-	0.00000	-	0.26203	+	0.22500 = 3.56297
	District base levy rate		Fire or RFA Rate		Library Rate		Firefighter Pension Fund Statutory Rate Limit
	\$9,267,988,624	x	3.56297	÷	\$1,000	=	\$33,021,565
	A.V. of District		Statutory Rate Limit				Statutory Amount
J. Highest Lawful Levy For This Tax Year (Lesser of H and I) ..... = \$17,911,295							
K. New highest lawful levy since 1985 (Lesser of H & I minus C, unless A (before limit factor increase) is greater than I or H minus C, then A before the limit factor increase) ..... \$17,911,295							
L. Lesser of I and J ..... \$17,911,295							
M. Refunds ..... \$81,227							
N. Levy Corrections Year of Error: 0							
1. Minus amount over levied (if applicable) ..... \$0.00							
2. Plus amount under levied (if applicable) ..... \$0.00							
O. Total: L+M+-N (unless voted rate)..... \$17,992,522							
P. Tax Base For Regular Levy							
1. Total district taxable value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy) ..... \$9,267,988,624							
Q. Tax Base for Excess and Voted Bond Levies							
2. Less assessed value of the senior citizen exemption of less than \$40,000 income or 65% of the median household income for the county based on lower of frozen or market value. .... \$30,753,160							
3. Plus Timber Assessed Value (TAV) ..... \$0							
4. Tax base for excess and voted bond levies ..... (1-2+3) \$9,237,235,464							
R. Increase Information							
1. Levy rate based on allowable levy ..... 1.94136							
2. Last year's ACTUAL regular levy ..... \$17,535,559							
3. Dollar Increase over last year other than New Construction (-) Annexation ..... \$154,351							
4. Percent Increase over last year other than New Construction (-) Annexation ..... 0.88021%							