



MEMORANDUM

TO: The Honorable Mayor and Members of City Council
Cynthia Martinez, Interim City Manager

FROM: Steve Groom, Finance Director

DATE: October 24, 2019

RE: 2020 Property Tax Levy

Staff respectfully requests the passage of both Ordinances A and B to set the 2020 property tax levy.

Council Action to be Taken

Review and Approve Ordinance A and Ordinance B, attached.

Background

This agenda item includes two (2) separate ordinances, steps required by statute to establish the property tax levy. Ordinances A and B will set the property tax levy for collection in 2020, based on the limit of a 1% increase over the prior year base levy, plus new levies for construction and annexation. The law defines the rate of inflation as measured by the Implicit Price Deflator (IPD) for consumer goods. For this year, the IPD increased by 1.396% from June 2018 to June 2019 which exceeds the statutorily allowed increase of 1%. The 2020 budget was developed assuming a 1% increase in the overall levy.

- **Exhibit I** is the County Assessor's communication of assessed valuation.
- **Exhibit II** details the calculation of the property tax levy with a base of 101% of the prior year using preliminary information obtained from the County Assessor's office. According to state law, the certification of ad valorem taxes must be filed with the Board of Yakima County Commissioners on or before November 30, 2019 or the City will receive no funding from this source in 2020. The Commissioners have requested to receive this packet by November 20th so that they can incorporate all of the requests into their required legislation.
- **Exhibit III** is the County Treasurer's communication of prior year refunds.

- **Ordinance A** identifies Council's intent to authorize an increase in the tax levy over 2019 levels. It is required by RCW 84.55.120. This is legally necessary to increase the 2020 tax collections by any amount over 2019 levels.
- **Ordinance B** fixes the maximum tax levy for collection by the City in 2020. This ordinance complies with RCW 35.33.135 and in accordance with Article VII, Section 2 of the City Charter, requires a super-majority approval (i.e. a minimum affirmative vote of five members) by City Council.

Discussion – Valuation and Property Tax

The total 2020 City of Yakima proposed property tax levy includes the 101% levy, and amounts for new construction and prior year refunds. The total operating tax rate for next year is estimated to be \$2.70 per \$1,000 of Assessed Valuation (AV), a *decrease* of approximately 8 cents per thousand of Assessed Valuation. The 2019 rate was \$2.178; 2018 rate was \$2.99. The amount of the new levy in Exhibit II is slightly different from the budgeted amount due to the timing of collections; some collections of prior year taxes are likely to occur in 2020.

According to the preliminary valuation estimate provided by the County Assessor (see Exhibit I), the underlying assessed value of all taxable property in the City grew by approximately 7%, and the total Revenue increased 2.4%, including new construction and State assessments. These estimates, found on Exhibit II.

This means that, on average, assessed values increase 7% and the tax rate decreases 2.4%, a net increase of 2.4%. A home with an average assessed value of \$240,000 would see an increase of \$63, from \$611 to \$674. The net increase in Property Tax revenue is projected to generate about \$884,000 in additional revenue for 2020 over the 2019 Budget.



Dave Cook, Assessor

Courthouse • Room 112 • Yakima, WA 98901 • (509) 574-1100

Toll Free 800-572-7354 • FAX (509) 574-1101

website: www.yes.co.yakima.wa.us/assessor

September 24th, 2019

Sonya Clar Tee
City of Yakima
129 North Second Street
Yakima, WA 98901

The attached Levy calculation form includes information needed for your 2020 property tax levy certification. Because certain elements of value are not provided to the County Assessor until later in the year the calculations include certain estimates. In addition, exemptions and changes to property can change the total assessed value which can adjust the final maximum levy in some cases.

The form goes into more detail, but the most important numbers are as follows:

2020 Maximum Allowed (estimate)	\$19,886,507.82
2020 1% Amount	\$194,181.44
2020 Maximum %	1.00%
2020 Maximum \$ Increase	\$194,181.44

If you are choosing some amount other than the 1% increase, please check with me to go over what your request should be.

If you have any questions you may contact me at (509) 574-1112 or by e-mail at jacob.tate@co.yakima.wa.us.

Sincerely,

A handwritten signature in blue ink that reads "Jacob C Tate".

Jacob Tate
Property Database Manager, Yakima County Assessors

District Name Yakima City

Levy Calculations have changed in the last few years. To get to what you may request and how you should word your request we are supplying the below information.

Current Tax Base* **\$7,368,116,466**

**This includes estimated state assessed and personal property amounts.*

Current Levy Max Amount Calculations

2019 Max Lawful \$19,161,924.39

Times 1.01 (if you certify a resolution adopting an increase) = **\$19,353,543.63**

Additional Request Monies For NC = NC amount * last years certified Rate.

\$97,446,348 Times 2.81367784 = **\$274,182.63**

To calculate additional funds for annexations you take the above two numbers summed and multiply by what the current rate would be using the above estimated tax base minus the annexation amount.

Multiplied by Rate of: 2.6639 = **\$0.00**

Final Before State Rate Limit: **\$19,627,726.26**

Maximum Levy Request is lesser of above or Maximum Statutory
Rate * Tax base.

Maximum State Limit \$24,981,280.38

Max Current Request Allowed **\$19,627,726.26**

*The Resolutions/Ordinances must reference a % increase over last years levy, and a \$ amount increase over last years levy. You must also certify a total budget request amount. The % increase over last year *does not* include added funds for New construction, State Assessed or Annexations. The budget request must include those as it certifies the total amount you request. You are still limited to the above Maximum Current Request Allowed.*

Previous Amount Levied	\$19,418,143.75
Funds for New Construction	\$274,182.63
Funds for Annexations	\$0.00

Starting Point	\$19,692,326.38
----------------	-----------------

Plus 1% of Previous Amount (\$ increase)	\$194,181.44
Plus 1% of Previous Amount (total)	\$19,886,507.82

\$ increase over previous year if you take maximum:	(\$64,600.12)
---	---------------

% increase over previous if you take maximum:	-0.3327%
---	----------

If you have any questions please call Jacob Tate at (509) 574-1112.

City of Yakima
Property Tax Limitation Calculation

EXHIBIT II

	2019 Assessed Value (000)	Tax Rate Applied	Rate / Change	2020 Levy Dollars
2019 Actual	\$6,901,338.691	\$ 2.81		\$ 19,418,144
Implicit Price Deflator (IPD) - 1.396% Increase			1.0000%	194,181
Substantial Need (resolution required)			0.0000%	-
2020 Tax Levy @ 101%				19,612,325
Valuation Increase	369,331.427	n/a	5.3516%	n/a
New Construction	97,446.348	2.81	1.4120%	274,183
State Assessed Value	-	2.81	0.0000%	-
Tax Limit Before Annexations	7,368,116.466	2.70		19,886,508
Add for Annexation	-	2.70		-
Limit for Subsequent Years	7,368,116.466	2.70		19,886,508
Plus Refunds				173,170
Plus Contingency				100,000
Total Ordinance				\$ 20,159,678

Estimated change in rate per \$1,000 of assessed value (0.11)

	2019 Assessed Value	Maximum Rate	2020 Maximum Levy
State of Washington Constitutional Limits			
2019 Assessed Valuation	7,368,116.466	3.6000	\$ 26,525,219
Less: Library Levy		0.5000	\$ 3,684,058
2019 Levy for Collection in 2020		3.1000	\$ 22,841,161



YAKIMA COUNTY TREASURER

Ilene Thomson
County Treasurer

MEMORANDUM

October 7, 2019

TO: Taxing Districts

FROM: Ilene Thomson, Yakima County Treasurer

Subject: Tax Year 2020 – Refund Levy – RCW 84.69.180

RCW 84.69.180 allows taxing districts other than the state to levy an annual refund levy to recover the tax dollars lost to the district for the purpose of:

- a. Funding refunds paid within the preceding twelve months, including interest, and
- b. Reimbursing the taxing district for taxes abated or cancelled, offset by any supplemental tax collected within the preceding twelve months.

RCW 84.69.180 also gives a taxing district the authority to recover that portion of their levy which was reduced within the preceding twelve months due to tax record adjustments such as senior exemptions, DOR exemptions, government exemptions and others.

We calculate the information from October 1st through September 30th of each year. By establishing this earlier date, each district will have the opportunity to discuss this levy with your Board of Directors prior to submitting your levy requests. We will be providing this information to the County Assessor who you would work with, as you do with all levies. In addition, we will continue to submit the calculation to the Board of County Commissioners.

Listed below are the refund levy amounts calculated in accordance with RCW 84.69.180 for the period of 10/01/2018 through 09/30/2019, including interest paid.

<u>District Name</u>	<u>Fund Name</u>	<u>Amount</u>
City of Yakima	Expense	\$173,169.89

If you have any questions or concerns, please contact our Accounting Division at 574-2780 or Treasacc@co.yakima.wa.us.