



## MEMORANDUM

TO: The Honorable Mayor and Members of City Council  
Bob Harrison, City Manager

FROM: Steve Groom, Finance Director  
Kimberly Dominé, Finance Division Manager

DATE: October 16, 2020

RE: 2021 Property Tax Levy

Staff respectfully recommends the approval of both Ordinances A and B, necessary to set the 2021 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 2021, 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, as confirmed by MRSC, the IPD decreased to 0.60152% which statutorily allows for an increase of 1% if city council determines there is substantial need. The 2021 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 17<sup>th</sup> 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 2020 levels. It is required by RCW 84.55.120. This is legally necessary to increase the 2021 tax collections by any amount over 2020 levels.
- **Ordinance B** fixes the maximum tax levy for collection by the City in 2021. 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 majority plus one or five members) by City Council.

**Discussion – Valuation and Property Tax**

The total 2021 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 \$2.56 per \$1,000 of Assessed Valuation (AV), a *decrease* of approximately 12 cents per thousand of Assessed Valuation. The 2020 rate was \$2.67. 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 2021.

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.



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

September 22<sup>nd</sup>, 2020

The attached Levy calculation forms include information needed for your 2021 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. We have also included a Tax District Personnel Form that we would like you to fill out and return.

The forms go into more detail, but the most important numbers are as follows:

2021 Maximum Allowed (estimate)	\$20,296,218.57
2021 1% Amount	\$197,990.77
2021 Maximum %	0.01%
2021 Maximum \$ Increase	\$197,990.77

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](mailto:jacob.tate@co.yakima.wa.us).

Sincerely,

Jacob Tate  
Property Database Manager  
Yakima County Assessors Office

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\* **\$7,941,594,873**

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

**Current Levy Max Amount Calculations**

2020 Max Lawful \$19,625,907.22

Times 1.01 (if you certify a resolution adopting an increase) = **\$19,822,166.29**

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

\$111,906,300 Times 2.67322473 = **\$299,150.69**

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.

\$1,138,400 Multiplied by Rate of: 2.5340 = **\$2,884.73**

Final Before State Rate Limit: **\$20,124,201.72**

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

Maximum State Limit \$27,107,469.76

Max Current Request Allowed **\$20,124,201.72**

***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 \$19,799,077.11

Funds for New Construction \$299,150.69

Funds for Annexations \$2,884.73

Starting Point \$20,101,112.53

Plus 1% of Previous Amount (\$ increase) \$197,990.77

Plus 1% of Previous Amount (total) \$20,299,103.30

\$ increase over previous year if you take maximum: \$23,089.18

% increase over previous if you take maximum: 0.1166%

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

**City of Yakima**  
**Property Tax Limitation Calculation**

	2020 Assessed Value (\$000)	Tax Rate Applied	Rate / Change	2021 Levy Dollars
2020 Actual	\$7,406,439.444	\$ 2.6732		\$ 19,799,077
Implicit Price Deflator (IPD) - 0.60152% Increase			0.6015%	119,095
Substantial Need (resolution required)			0.3985%	78,895
2020 Tax Levy @ 101%				19,997,068
Valuation Increase	422,110.729	n/a		n/a
New Construction	111,906.300	\$ 2.6732		299,151
State Assessed Value	-	\$ 2.6732		-
Tax Limit Before Annexations	7,940,456.473	\$ 2.5561		20,296,219
Add for Annexation	1,138.400	\$ 2.5340		2,885
Limit for Subsequent Years	7,941,594.873	\$ 2.5561		20,299,103
Plus Refunds				20,263
Plus Contingency				100,000
<b>Total Ordinance</b>				\$ 20,419,366
Estimated change in rate per \$1,000 of assessed value		(0.1172)		

	2020 Assessed Value	Maximum Rate	2021 Maximum Levy
<b>State of Washington Constitutional Limits</b>			
2020 Assessed Valuation	7,941,594.873	3.6000	\$ 28,589,742
Less: Library Levy		0.5000	\$ 3,970,797
2020 Levy for Collection in 20201		3.1000	\$ 24,618,944



# YAKIMA COUNTY TREASURER

Ilene Thomson  
County Treasurer

## MEMORANDUM

October 9, 2020

TO: Taxing Districts

FROM: Ilene Thomson, Yakima County Treasurer

Subject: Tax Year 2021 – 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 1<sup>st</sup> through September 30<sup>th</sup> 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 10/01/2019 through 09/30/2020, including interest paid.

<u>District Name</u>	<u>Fund Name</u>	<u>Amount</u>
City of Yakima	Expense	\$20,262.58

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