



MEMORANDUM

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

FROM: Jennifer Ferrer-Santa Ines, Finance Director
Kimberly Dominé, Finance Division Manager

DATE: November 3, 2021

RE: 2022 Property Tax Levy

Staff respectfully recommends the approval of both Ordinances A and B, necessary to set the 2022 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. Property tax is a tax based on ownership of a piece of real estate. A "levied property tax" is a tax imposed on property owners, based on the value of their property and the municipal government's needs.

Ordinances A and B will set the property tax levy for collection in 2022, 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 increased to 3.860% which statutorily allows for an increase of 1% if city council determines there is substantial need. The 2022 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, 2021 or the City will receive no funding from this source in 2022.
- **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 2021 levels. It is required by RCW 84.55.120. This is legally necessary to increase the 2022 tax collections by any amount over 2021 levels.
- **Ordinance B** fixes the maximum tax levy for collection by the City in 2022. 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 maximum rate the City of Yakima can levy is \$3.10/\$1,000 assessed valuation (AV) plus \$0.225/\$1,000 AV specifically for Firemen's Relief and Pension Fund. According to RCW 84.55.0101, a city can levy up to 101% plus new construction, annexation, and refunds. In order to bring the current levy rate to the maximum allowed, a levy lid lift is required and the City of Yakima residents will need to approve this ballot measure. If the City were to levy the maximum rate (levy lid lift approved by City of Yakima residents), the estimated increase in property tax revenue would be an additional \$9,700,000.

The total 2022 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 \$2.32 per \$1,000 of Assessed Valuation (AV), a *decrease* of approximately \$0.21 per thousand of Assessed Valuation. The current rate is \$2.53 per \$1,000 of Assessed Valuation (AV).



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

September 22nd, 2021

The attached Levy calculation forms include information needed for your 2022 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 forms go into more detail, but the most important numbers are as follows:

2022 Maximum Allowed (estimate)	\$20,537,977.80
2022 1% Amount	\$201,079.90
2022 Maximum %	1.0000%
2022 Maximum \$ Increase	\$201,079.90

If you are choosing some amount other than the 1% increase, please check with me to go over what your request should be. It is always a good idea to add to the Maximum Allowed in your levy requests to account for growth. Forms from the Department of Revenue have been included and originals can be found at <https://dor.wa.gov/get-form-or-publication/forms-subject/property-tax-forms#Levy>.

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'. The signature is fluid and cursive, with the first letters of each name being capitalized.

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* **\$8,861,273,159**

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

Current Levy Max Amount Calculations

2021 Max Lawful \$20,087,727.10

Times 1.01 (if you certify a resolution adopting an increase) = **\$20,288,604.37**

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

\$98,424,460 Times 2.53365296 = **\$249,373.42**

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: 2.3177 = **\$0.00**

Final Before State Rate Limit: **\$20,537,977.80**

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

Maximum State Limit \$30,409,642.97

Max Current Request Allowed **\$20,537,977.80**

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 \$20,107,989.68

Funds for New Construction \$249,373.42

Funds for Annexations \$0.00

Starting Point \$20,357,363.10

Plus 1% of Previous Amount (\$ increase) \$201,079.90

Plus 1% of Previous Amount (total) \$20,558,443.00

\$ increase over previous year if you take maximum: \$180,614.69

% increase over previous if you take maximum: 0.8982%

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

EXHIBIT II

City of Yakima
Property Tax Limitation Calculation

	2021 Assessed Value	Tax Rate Applied	Rate / Change	2022 Levy Dollars
2021 Tax Rate	\$ 7,936,363.031	\$ 2.5337		\$ 20,107,989.68
Implicit Price Deflator (IPD) -3.860% Increase			1.0000%	\$ 201,079.90
Substantial Need (resolution required)			0.0000%	\$ -
2022 Tax Rate @ 101%				\$ 20,309,069.58
Valuation Increase -5.35%	826,485.668	n/a	10.4139%	n/a
New Construction - 1.41%	98,424.460	2.5337	1.2402%	\$ 249,373.42
State Assessed Value	-	2.5337	0.0000%	\$ -
Tax Limit Before Annexations	8,861,273.159	2.3200		\$ 20,558,443.00
Add for Annexation	-	2.3177		\$ -
Limit for Subsequent Years	8,861,273.159	2.3200		\$ 20,558,443.00
Plus Refunds (estimate)				\$ 53,663.63
Plus Contingency				\$ 100,000.00
Total-ordinance				\$ 20,712,106.63
		(\$0.2136)		
	2021 Assessed Value	Maximum Rate		Maximum Levy Dollars
State of Washington Constitutional Limits				
2021 Assessed Valuation	\$ 8,861,273.159	3.6000		\$ 31,900,583.37
Less: Library Levy		0.5000		\$ 4,430,636.58
2021 Levy for Collection in 2022		3.1000		\$ 27,469,946.79



YAKIMA COUNTY TREASURER

Ilene Thomson
County Treasurer

MEMORANDUM

October 7, 2021

TO: Taxing Districts

FROM: Ilene Thomson, Yakima County Treasurer

Subject: Tax Year 2022 – 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 10/01/2020 through 09/30/2021, including interest paid.

<u>District Name</u>	<u>Fund Name</u>	<u>Amount</u>
City of Yakima	Expense	\$53,663.63

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