

CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL _____

AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in The City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2014; and ratifying and confirming certain prior acts.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. General Municipal and Firefighters' Pension.

A. There is levied a tax on all taxable property, both real and personal, within The City of Seattle and subject to taxation under the laws of the State of Washington in the amount of \$461,252,169, which is calculated as \$3.60 per \$1,000 of estimated assessed value of all taxable property in the city. This tax is levied for the purpose of raising revenue to finance the various departments and activities of the municipal government of The City of Seattle for the fiscal (calendar) year 2014. The following sentence is provided for information only. This levy has been calculated at the following dollar rates per \$1,000 of assessed value: \$3.375 for general municipal purposes as allowed by RCW 84.52.043 (which includes up to \$0.225 for the Firemen's Pension Fund as allowed by RCW 41.16.060); and \$0.225 for general municipal purposes and the Firemen's Pension Fund as allowed by RCW 41.16.060. This levy includes an amount of \$39,293,761 for transportation purposes in accordance with Ordinance 122232; an amount of \$7,812,000 for basic infrastructure improvements to the Pike Place Market in accordance with Ordinance 122737; an amount of \$24,250,000 for parks purposes in accordance with Ordinance 122749; an amount of \$20,714,286 for low-income housing purposes in

1 accordance with Ordinance 123013; an amount of \$32,746,230 for educational and
2 developmental services in accordance with Ordinance 123567; and an amount of \$17,170,000 for
3 library maintenance and services in accordance with Ordinance 123851.

4 B. If the total of the amounts of taxes stated in subsection 1.A or the total of the tax rate
5 stated in subsection 1.A would be in excess of any maximum allowed by law, then such taxes
6 shall be reduced to the maximum amount allowed. The maximum amount allowed by law
7 includes the maximum amount of regular property taxes approved by vote of the people of The
8 City of Seattle pursuant to RCW 84.55.050. For purposes of this subsection, the maximum
9 amount of regular property taxes is determined by the King County Assessor as follows. First,
10 the Assessor determines the amount of regular City property taxes that could be levied for
11 collection in 2014 had the voters approved none of the levy lid lift measures submitted pursuant
12 to RCW 84.55.050 and Ordinances 122232, 122737, 122749, 123013, 123567, and 123851. This
13 amount is computed by the Assessor by multiplying the amount of general purpose regular
14 property taxes levied for collection in 2013 by a limit factor. The limit factor is the lesser of
15 101% or 100% plus the rate of inflation, unless pursuant to RCW 84.55.0101, the Council finds
16 that there is a substantial need to use and approves the use of 101% as the regular property tax
17 limit factor. Second, the Assessor adds the levy for tax refunds authorized by RCW 84.68.040,
18 RCW 84.69.180 and RCW 84.55.070; plus the allowance authorized by RCW 84.55.010 for new
19 construction, increases in assessed value due to construction of electric generation wind turbine
20 facilities classified as personal property, improvements to property, and any increase in the
21 assessed value of state-assessed property. Then, to that total amount is added the six dollar
22 amounts set forth in the last sentence of subsection 1.A authorized for 2014 collection in the
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1 approvals given by the voters of the City pursuant to RCW 84.55.050 and those enumerated
2 ordinances.

3 Section 2. **Voter-approved excess taxes for bonds.** In addition, a further tax is levied
4 to raise revenue to provide for the interest on and redemption of voter-approved general
5 obligation bonds for the fiscal year 2014 in the amount of \$17,789,544. This tax is applicable to
6 all taxable property within The City of Seattle.
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8 Section 3. **Severability.** The several provisions of this ordinance are declared to be
9 separate and severable and the invalidity of any clause, sentence, paragraph, subdivision, section,
10 subsection, or portion of this ordinance, or the invalidity of the application thereof to any person,
11 property, or circumstance, shall not affect the validity of the remainder of this ordinance or the
12 validity of its application to other persons, property, or circumstances.
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14 Section 4. Any act pursuant to the authority of this ordinance taken after the passage of
15 this ordinance is ratified and confirmed.

16 Section 5. **Effective date.** This ordinance shall take effect and be in force 30 days after
17 its approval by the Mayor, but if not approved and returned by the Mayor within ten days after
18 presentation, it shall take effect as provided by the Seattle Municipal Code Section 1.04.020.
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1 Passed by the City Council the _____ day of _____, 2013, and signed by
2 me in open session in authentication of its passage this _____ day of _____,
3 2013.

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6 President _____ of the City Council
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9 Approved by me this ____ day of _____, 2013.

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13 Michael McGinn, Mayor
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16 Filed by me this ____ day of _____, 2013.

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20 Monica Martinez Simmons, City Clerk
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23 (Seal)
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2014 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
CBO/FAS	Dave Hennes/4-0537	Dave Hennes/4-0537

Legislation Title: AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in The City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2014; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This ordinance imposes the City’s property tax for 2014 to pay for City government activities and for general obligation bond interest and redemption.

Background:

RCW 84.55.010 provides that the City may, with a simple majority vote of the Council, levy a property tax increase equal to inflation but not greater than a 1% increase over the prior year’s regular property tax collection. If inflation is lower than 1%, the law requires a majority plus one vote, with a finding of substantial need, to have a tax increase exceed inflation to the maximum of 1%. Inflation is measured by the implicit price deflator for the United States published in September. In most years, the inflation rate will exceed 1%. This year the rate is 1.3%. Thus, the Council does not need to make a finding of substantial need with approval by a majority plus one vote. The Council may not increase regular property taxes above 1% without a vote of the people.

Other than the 1% increase in the regular non-voted current expense property tax levy proposed in the attached Bill, the same 1% increase is applied to the Bridging the Gap Transportation levy lid lift, the Families & Education levy lid lift and the Library levy lid lift per the terms of their respective ordinances. No lid lifts expired in 2013, but in accordance with the conditions of Ordinance 122737, the City is levying a lesser amount than the original, final year amount planned for the Pike Place Market levy. Altogether, these changes result in an overall decrease from 2013 of \$1,594,730, which does not include changes in the excess levy for redemption of general obligation bonds, the “refund fund levy” or additional taxes resulting from new construction, construction of wind turbine facilities classified as personal property, improvements to property, or increases in the value of state-assessed property. Additionally, this ordinance includes a levy of \$17,789,544 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2014, an approximate \$1.79 million increase from the amount levied for collection in 2013. This amount includes first year payment amounts against the Seawall bonds.

X This legislation has financial implications.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
00100 General Subfund	General Fund	Property Tax	219,573,000	226,396,000
10300 Transportation Fund	Transportation	Property Tax	41,815,000	42,636,000
11010 Pike Place Market Renovation Fund	FAS/Pike Place Market PDA	Property Tax	12,500,000	7,812,000
33860 2008 Parks Levy Fund	Parks	Property Tax	24,250,000	24,250,000
16416 Low Income Housing Levy Subfund (2009)	Office of Housing	Property Tax	20,714,000	20,714,000
17857 2011 Education Support Services Subfund	Neighborhoods	Property Tax	32,422,000	32,746,000
18100 Library Levy Fund	Seattle Public Library	Property Tax	17,000,000	17,170,000
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	16,000,000	17,790,000
TOTAL			384,274,000	389,514,000

Revenue/Reimbursement Notes: Due to the levy's design, the transportation lid lift also receives a portion of new construction revenues, which accounts for the difference between the numbers reflected in the ordinance and fiscal note.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**

Yes, please see section b) below.

- b) **What is the financial cost of not implementing the legislation?**

Without this legislation, no **increase** in property tax revenue, other than that resulting from new construction, improvements to property, construction of wind turbine facilities classified as personal property, and any increase in the value of state-assessed property, may be authorized. The cost of not implementing this legislation is the 1% increase over

the 2013 current expense levy, Transportation levy lid lift, Families and Education levy lid lift and Library levy lid lift, estimated to be \$3.02 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2013 tax collection year plus amounts resulting from new construction, improvements to property, construction of wind turbine facilities classified as personal property, and any increase in the value of state-assessed property.

c) Does this legislation affect any departments besides the originating department?

See b) above and the “Anticipated Revenue” Table above for affected departments.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

Without voter approval, there is no other mechanism to increase property tax revenue.

e) Is a public hearing required for this legislation?

Yes. Public hearings will take place on October 3, 2013 and October 24, 2013.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

None.