

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
CBO	Dave Hennes/4-0537	Dave Hennes/4-0537

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**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 2016; ratifying and confirming certain prior acts; and, by a vote of a majority plus one of the Seattle City Council, finding a substantial need to use, and providing for the use of, 101% as the regular property tax limit factor.

**Summary and background of the Legislation:** This ordinance imposes the City’s property tax for 2016 to pay for City government activities and for general obligation bond interest and redemption.

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 0.251%. Thus, the Council needs to make a finding of substantial need with approval by a majority plus one vote to provide for the use of 101% as the regular property tax limit factor. 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 Families & Education levy lid lift and the Library levy lid lift per the terms of their respective ordinances. The nine-year Bridging the Gap Transportation levy expired in 2015. The City’s regular levy includes for 2016 collection, the new 9-year, Transportation levy lid lift with a first year levy amount of \$95,000,000 and the new 10-year, Election Vouchers levy lid lift with a first year levy amount of \$3,000,000. Altogether, these changes result in an overall increase from 2015 of \$61,139,424, 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.

It also does not include levy amounts for the newly approved (August, 2014) Metropolitan Parks District (MPD). Pursuant to RCW 35.61, the MPD is a legally separate taxing jurisdiction from

the City of Seattle, whose property tax levy authority of \$0.75 per \$1,000 assessed value is outside of the City's statutory rate limit of \$3.60 per \$1,000 assessed value. The MPD will begin collecting tax revenues in the 2016 tax collection year.

Additionally, this ordinance includes a levy of \$28,852,731 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2016, an increase of \$10,113,525 from the amount levied for collection in 2015. This amount includes payment amounts against the Libraries and Seawall bonds.

**2. CAPITAL IMPROVEMENT PROGRAM**

This legislation creates, funds, or amends a CIP Project.

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

This legislation has direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>\$0</b>	<b>\$6,364,000</b>	<b>\$0</b>	<b>\$98,504,154</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Other departments affected:</b>	SDOT, SPL, EEC, and DEEL			

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

**3.b. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2015 Revenue</b>	<b>2016 Estimated Revenue</b>
00100 General Subfund	General Fund	Property Tax	230,322,472	239,940,494
10300 Transportation Fund	Transportation	Property Tax	43,786,900	95,000,000

16416 Low Income Housing Levy Subfund (2009)	Office of Housing	Property Tax	20,714,286	20,714,286
17857 2011 Education Support Services Subfund	Neighborhoods	Property Tax	33,073,692	33,404,429
18100 Library Levy Fund	Seattle Public Library	Property Tax	17,341,700	17,515,117
17861 Preschool Services Fund	Dept. of Education & Early Learning	Property Tax	14,566,630	14,566,630
123XX Election Vouchers Fund	Ethics & Elections Commission	Property Tax	0	\$3,000,000
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	18,739,206	28,852,731
<b>TOTAL</b>			378,544,886	452,993,687

Revenue/Reimbursement Notes:

Transportation Fund revenues represent the final year of the 2007-15 Bridging the Gap levy in 2015 and the first year of the new 2016-24 Move Seattle levy.

**3.c. Positions**

\_\_\_\_\_ This legislation adds, changes, or deletes positions.

**4. OTHER IMPLICATIONS**

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

Yes, please see section b) below.

b) **Is there financial cost or other impacts 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 2015 current expense levy, Families and Education levy lid lift and Library levy lid lift, estimated to be \$6.86 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2015 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) Is a public hearing required for this legislation?**

Yes. Public hearings will take place on October 6, 2015 and October 20, 2015.

**e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**f) Does this legislation affect a piece of property?**

No

**g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

The revenues generated through the property tax, both general expense and levy lid lifts for particular purposes, support a broad range of government services, many of which support vulnerable or historically disadvantaged communities. This legislation has no policy or program implementation ramifications affecting vulnerable or historically disadvantaged communities beyond providing the underlying funding that supports City programs.

**h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

N/A

**i) Other Issues: None**

**List attachments/exhibits below:**