

1 \$20,714,286 for low-income housing purposes in accordance with Ordinance 123013; and an
2 amount of \$32,101,000 for educational and developmental services in accordance with
3 Ordinance 123567.

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 have been levied
11 for collection in 2012 had the voters approved none of the levy lid lift measures submitted
12 pursuant to RCW 84.55.050 and Ordinances 121230, 122232, 122737, 122749, 123013 and
13 123567. This amount is computed by the Assessor by multiplying the amount of general purpose
14 regular property taxes levied for collection in 2011 by a limit factor. The limit factor is the lesser
15 of 101% or 100% plus the rate of inflation, unless pursuant to RCW 84.55.0101, the Council
16 finds that there is a substantial need to use and approves the use of 101% as the regular property
17 tax limit factor. Second, the Assessor adds the levy for tax refunds authorized by RCW
18 84.68.040 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 2012 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 2012 in the amount of \$17,025,160. This tax is applicable to
6 all taxable property within The City of Seattle.

7 Section 3. **Severability.** The several provisions of this ordinance are declared to be
8 separate and severable and the invalidity of any clause, sentence, paragraph, subdivision, section,
9 subsection, or portion of this ordinance, or the invalidity of the application thereof to any person,
10 property, or circumstance, shall not affect the validity of the remainder of this ordinance or the
11 validity of its application to other persons, property, or circumstances.

12 Section 4. Any act pursuant to the authority of this ordinance taken after the passage of
13 this ordinance is ratified and confirmed.

14 Section 5. **Effective date.** This ordinance shall take effect and be in force 30 days after
15 its approval by the Mayor, but if not approved and returned by the Mayor within ten days after
16 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 _____, 2011, and signed by
2 me in open session in authentication of its passage this _____ day of _____,
3 2011.
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6 _____
7 President _____ of the City Council

8 Approved by me this ____ day of _____, 2011.
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10 _____
11 Michael McGinn, Mayor

12 Filed by me this ____ day of _____, 2011.
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15 Monica Martinez Simmons, City Clerk

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2012 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 2012; ratifying and confirming certain prior acts.

Summary of the Legislation:

This ordinance imposes the City's property tax for 2012 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 estimated to be 2.755%. 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 property tax levy proposed in the attached Bill and the same percentage increase for the Bridging the Gap Transportation levy lid lift, the City's regular levy includes an increase for the renewal of the Families and Education levy from \$16,684,000 in 2011 (old levy) to \$32,101,000 in 2012. 2012 is also the final year of the Fire Facilities levy, which is decreasing from \$11,750,000 in 2011 to \$7,500,000 in 2012. This ordinance also includes \$17,025,160, a slight decrease from 2011, for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2012. These changes result in an overall increase from 2011 of \$13,769,618, 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.

X This legislation has financial implications.



Summary of Changes to Revenue Generated Specifically from this Legislation:

Revenue Source	Fund	2012 Proposed (\$000)
Property Tax	00100 General Subfund	223,269
Property Tax – lid lift	16416 2009 Low Income Housing Fund	20,714
Property Tax – lid lift	17857 2011 Families and Education Levy Fund	32,101
Property Tax – lid lift	34440 Fire Facilities Subfund	7,500
Property Tax – lid lift	10300 Transportation Operating Fund	41,229
Property Tax – lid lift	11010 Pike Place Market Renovation Fund	12,500
Property Tax – lid lift	33860 2008 Parks Levy Fund	24,250
Property Tax	20140 GO Bond Interest and Redemption Fund	17,025
	Total Fees and Charges Resulting From Passage of this Ordinance	378,588

Note: 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.

Revenue Change Notes:

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2012 Revenue (\$000)
Various	Property Tax	378,588
TOTAL		378,588

Total Revenue Notes:

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 this legislation? Without this legislation, no **increase** in property tax revenue, other than that resulting from the addition of 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 2011 current expense levy and Transportation levy lid lift, estimated to be \$2.62 million



and an additional \$700,000 levied in the Fire Facilities levy lid lift to ensure the total amount raised by the lid lift approaches more closely the total amount authorized and approved by voters. If not passed, the County Assessor will levy the same or previously authorized amounts (general expense and levy lid lifts) as levied for the 2011 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.
- 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 the legislation subject to public hearing requirements? Yes. Public hearings will take place on October 4, 2011 and October 26, 2011.
- f) Other Issues: None.

Please list attachments to the fiscal note below: None.





City of Seattle
Office of the Mayor

September 26, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am transmitting the attached proposed Council Bill for consideration with the 2012 Proposed Budget. This legislation fulfills the legal requirement for the collection of property tax levies to finance activities of City government and General Obligation Bond interest and redemption. This legislation and the 2012 Proposed Budget propose a 1 percent increase in the regular non-voted 2012 property tax levy.

Seattle's regular property tax levy provides revenue to fund a significant portion of the General Subfund. In 2011, it accounted for an estimated 28 percent of the General Subfund budget. In 2012, property tax revenue authorized by this Bill will provide significant resources for the Firefighters' Pension and, through voter-approved property taxes, fund programs that support emergency medical services, low-income housing, educational and development services, fire facilities, the City's transportation system, neighborhood park and recreation facilities, and the Pike Place Market. The 2012 levy also marks the first year in the renewal of the 1998 and 2004 Families and Education levies, which the voters on November 8, 2011 elected to renew.

Thank you for your consideration of this legislation. Should you have questions, please contact Dave Hennes at 684-0537.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

