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Dave Hennes
CBO / FAS Long Property Tax 2013 Library Pass ORD
October 5, 2012
Version #2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117615

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 2013; 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 \$416,222,071, 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 2013. 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 \$38,904,714 for transportation purposes in accordance with Ordinance 122232; an amount of \$12,500,000 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



1 with Ordinance 122749; an amount of \$20,714,286 for low-income housing purposes in
2 accordance with Ordinance 123013; an amount of \$32,422,010 for educational and
3 developmental services in accordance with Ordinance 123567; and an amount of \$17,000,000 for
4 library maintenance and services in accordance with Ordinance 123851.

5 B. If the total of the amounts of taxes stated in subsection 1.A or the total of the tax rate
6 stated in subsection 1.A would be in excess of any maximum allowed by law, then such taxes
7 shall be reduced to the maximum amount allowed. The maximum amount allowed by law
8 includes the maximum amount of regular property taxes approved by vote of the people of The
9 City of Seattle pursuant to RCW 84.55.050. For purposes of this subsection, the maximum
10 amount of regular property taxes is determined by the King County Assessor as follows. First,
11 the Assessor determines the amount of regular City property taxes that could be levied for
12 collection in 2013 had the voters approved none of the levy lid lift measures submitted pursuant
13 to RCW 84.55.050 and Ordinances 122232, 122737, 122749, 123013, 123567, and 123851.

14 This amount is computed by the Assessor by multiplying the amount of general purpose regular
15 property taxes levied for collection in 2012 by a limit factor. The limit factor is the lesser of
16 101% or 100% plus the rate of inflation, unless pursuant to RCW 84.55.0101, the Council finds
17 that there is a substantial need to use and approves the use of 101% as the regular property tax
18 limit factor. Second, the Assessor adds the levy for tax refunds authorized by RCW 84.68.040
19 and RCW 84.55.070; plus the allowance authorized by RCW 84.55.010 for new construction,
20 increases in assessed value due to construction of electric generation wind turbine facilities
21 classified as personal property, improvements to property, and any increase in the assessed value
22 of state-assessed property. Then, to that total amount is added the six dollar amounts set forth in
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1 the last sentence of subsection 1.A authorized for 2013 collection in the approvals given by the
2 voters of the City pursuant to RCW 84.55.050 and those enumerated 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 2013 in the amount of \$16,000,000. 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 _____, 2012, and signed by
2 me in open session in authentication of its passage this _____ day of _____,
3 2012.
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6 _____
7 President _____ of the City Council

8 Approved by me this _____ day of _____, 2012.
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10 _____
11 Michael McGinn, Mayor

12 Filed by me this _____ day of _____, 2012.
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15 Monica Martinez Simmons, City Clerk

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2013 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 2013; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This ordinance imposes the City's property tax for 2013 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 1.295%. 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 and the same 1% increase for the Bridging the Gap Transportation levy lid lift and the Families & Education levy lid lift, the City's regular levy includes for 2013 collection the new Library levy lid lift with a first year levy amount of \$17,000,000. Also, the 9-year Fire Facilities levy (2004-2012) expired. Altogether, these changes result in an overall increase from 2012 of \$12,472,903, 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 \$16,000,000 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2013, an approximate \$1 million reduction from the amount levied for collection in 2012.

Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue	2014 Revenue
00100 General Subfund	General Fund	Property Tax	224,358,000	226,267,000	230,846,000
34440 2003 Fire Facilities Subfund	FAS	Property Tax	7,500,000	NA	NA
10300 Transportation Fund	Transportation	Property Tax	41,229,000	41,287,000	41,982,000
11010 Pike Place Market Renovation Fund	FAS/Pike Place Market PDA	Property Tax	12,500,000	12,500,000	10,500,000
33860 2008 Parks Levy Fund	Parks	Property Tax	24,250,000	24,250,000	24,250,000
16416 Low Income Housing Levy Subfund (2009)	Office of Housing	Property Tax	20,714,000	20,714,000	20,714,000
17857 2011 Education Support Services Subfund	Neighborhoods	Property Tax	32,101,000	32,422,000	32,746,000
18100 Library Levy Fund	Seattle Public Library	Property Tax	NA	17,000,000	17,170,000
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	17,025,000	16,000,000	14,799,344
TOTAL			379,677,000	390,440,000	393,007,000

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 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 2012 current expense levy, Transportation levy lid lift, and Families and Education levy lid lift, estimated to be \$2.71 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2012 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 4, 2012 and October 25, 2012.

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.