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Dave Hennes  
FAS Property Tax 2015 Pre-K Pass ORD  
November 5, 2014  
Version #3

**CITY OF SEATTLE**  
**ORDINANCE \_\_\_\_\_**

COUNCIL BILL 118261

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 2015; 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 \$508,802,483, 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 2015. 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 \$1,357,325 or the highest lawful amount as the King County Assessor may certify, whichever is higher, to recover amounts refunded within the preceding 12 months. This levy also includes an amount of \$39,686,698 for transportation purposes in accordance with Ordinance 122232; an amount of \$20,714,286 for low-income housing purposes in accordance



1 with Ordinance 123013; an amount of \$33,073,692 for educational and developmental services  
2 in accordance with Ordinance 123567; an amount of \$17,341,700 for library maintenance and  
3 services in accordance with Ordinance 123851; and an amount of \$14,566,630 for preschool  
4 education purposes in accordance with Ordinance 124509.

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 2015 had the voters approved none of the levy lid lift measures submitted pursuant  
13 to RCW 84.55.050 and Ordinances 122232, 123013, 123567, 123851, and 124509. This  
14 amount is computed by the Assessor by multiplying the amount of general purpose regular  
15 property taxes levied for collection in 2014 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 RCW 84.69.180 and RCW 84.55.070; plus the allowance authorized by RCW 84.55.010 for new  
20 construction, increases in assessed value due to construction of electric generation wind turbine  
21 facilities classified as personal property, improvements to property, and any increase in the  
22 assessed value of state-assessed property. Then, to that total amount is added the five dollar  
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1 amounts set forth in the last sentence of subsection 1.A authorized for 2015 collection in the  
2 approvals given by the voters of the City pursuant to RCW 84.55.050 and those enumerated  
3 ordinances.

4       Section 2. **Voter-approved excess taxes for bonds.** In addition, a further tax is levied  
5 to raise revenue to provide for the interest on and redemption of voter-approved general  
6 obligation bonds for the fiscal year 2015 in the amount of \$18,739,206. This tax is applicable to  
7 all taxable property within The City of Seattle.  
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9       Section 3. **Severability.** The several provisions of this ordinance are declared to be  
10 separate and severable and the invalidity of any clause, sentence, paragraph, subdivision, section,  
11 subsection, or portion of this ordinance, or the invalidity of the application thereof to any person,  
12 property, or circumstance, shall not affect the validity of the remainder of this ordinance or the  
13 validity of its application to other persons, property, or circumstances.  
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15       Section 4. Any act pursuant to the authority of this ordinance taken after the passage of  
16 this ordinance is ratified and confirmed.

17       Section 5. **Effective date.** This ordinance shall take effect and be in force 30 days after  
18 its approval by the Mayor, but if not approved and returned by the Mayor within ten days after  
19 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 \_\_\_\_\_, 2014, and signed by  
2 me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_,  
3 2014.

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5 \_\_\_\_\_  
6 President \_\_\_\_\_ of the City Council  
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9 Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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11 \_\_\_\_\_  
12 Edward B. Murray, Mayor  
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16 Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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18 \_\_\_\_\_  
19 Monica Martinez Simmons, City Clerk  
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23 (Seal)

## 2015 BUDGET LEGISLATION FISCAL NOTE

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
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 2015; and ratifying and confirming certain prior acts.

### **Summary of the Legislation:**

This ordinance imposes the City's property tax for 2015 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. Two lid lifts expired in 2014, the Pike Place Market levy and the Parks levy. The City's regular levy includes for 2015 collection, the new 4-year, Pre-School For All levy lid lift with a first year levy amount of \$14,566,630. Altogether, these changes result in an overall decrease from 2014 of \$14,315,712, 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) creation of a 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 not levy and collect any tax revenues until the 2016 tax collection year.

Additionally, this ordinance includes a levy of \$18,739,206 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2015, an approximate \$950,000 increase from the amount levied for collection in 2014. This amount includes payment amounts against the Libraries and Seawall bonds.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

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

Fund Name and Number	Department	Revenue Source	Total 2015 Revenue	Total 2016 Revenue
00100 General Subfund	General Fund	Property Tax	230,322,472	236,907,756
10300 Transportation Fund	Transportation	Property Tax	43,786,900	0
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
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	18,739,206	18,723,481
<b>TOTAL</b>			<b>378,544,886</b>	<b>341,831,699</b>

Total Revenue 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 2014 current expense levy, Transportation levy lid lift, Families and Education levy lid lift and Library levy lid lift, estimated to be \$3.08 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2014 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 7, 2014 and October 23, 2014.

**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:**



**City of Seattle**  
Edward B. Murray  
Mayor

September 22, 2014

Honorable Tim Burgess, President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Burgess:

I am transmitting the attached proposed Council Bill for consideration with the 2015 Proposed Budget. This legislation fulfills the legal requirement for the collection of property tax levies to fund activities of City government and General Obligation Bond interest and redemption. This legislation and the 2015 Proposed Budget propose a 1 percent increase in the regular non-voted 2015 property tax levy.

Seattle's regular property tax levy provides revenue to fund a significant portion of the General Subfund. In 2014, it accounted for an estimated 27 percent of the General Subfund budget. In 2015, 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, the City's transportation system and libraries. The proposed Council Bill also includes a first year levy amount for the Seattle Preschool Program levy lid lift supporting high-quality preschool programs for Seattle children, which is on the November 4<sup>th</sup> ballot.

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

Sincerely,

Edward B. Murray  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

