SEATTLE CITY COUNCIL

Legislative Summary

CB 118567

Record No.: CB 118567 **Type:** Ordinance (Ord) **Status:** Passed

Version: 1 124929 **In Control:** City Clerk

File Created: 09/24/2015

Final Action: 12/01/2015

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.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Licata

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: adam.schaefer@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: ☐ Yes ☐ No

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	09/28/2015	Mayor's leg transmitted to Council	City Clerk			

Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk
Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	11/12/2015	sent for review	Budget Committee			

Action Text: The Council Bill (CB) was sent for review. to the Budget Committee
Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Budget Committee	11/16/2015					
1	Full Council	11/16/2015	referred	Budget Committee			

Action Text: The Council Bill (CB) was referred. to the Budget Committee

Notes:

1	Budget Committee	11/23/2015	pass		Pass

Action Text: The Committee recommends that Full Council pass the Council Bill (CB).
Notes:

In Favor: 9 Chair Licata, Member Bagshaw, Member Burgess, Member Godden, Member Harrell, Member O'Brien, Okamoto, Member Rasmussen, Member Sawant

Opposed: 0

1	Full Council	11/23/2015	passed		Pass

Action Text: The Council Bill (CB) was passed by the following vote and the President signed the Bill:
Notes:

In Favor: 9 Councilmember Bagshaw, Council President Burgess, Councilmember Godden, Councilmember Harrell, Councilmember Licata, Councilmember O'Brien, Okamoto, Councilmember Rasmussen, Councilmember Sawant

Opposed: 0

1	City Clerk	11/30/2015	submitted for Mayor's signature	Mayor

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:

1	Mayor	12/01/2015	Signed

Action Text: The Council Bill (CB) was Signed.
Notes:

1	Mayor	12/01/2015	returned	City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:

1	City Clerk	12/01/2015	attested by City Clerk

Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:

CITY OF SEATTLE

ORDINANCE 124929

COUNCIL BILL 118567

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.

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 $569,673,920, 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 2016. 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 $100,000 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 $20,714,286 for low-income housing purposes in accordance with Ordinance 123013; an amount of $33,404,429 for educational and developmental services in accordance with Ordinance 123567; an amount of $17,515,117 for library maintenance and services in accordance with Ordinance 123851; an amount of $14,566,630 for preschool education purposes in accordance with Ordinance 124509; an amount of $95,000,000 for transportation purposes in accordance with Ordinance 124796; and in accordance with Resolution 31601 an amount of $3,000,000 for election vouchers funding purposes.

B. If the total of the amounts of taxes stated in subsection 1.A or the total of the tax rate stated in subsection 1.A would be in excess of any maximum allowed by law, then such taxes shall be reduced to the maximum amount allowed. The maximum amount allowed by law includes the maximum amount of regular property taxes approved by vote of the people of The City of Seattle pursuant to RCW 84.55.050. For purposes of this subsection, the maximum amount of regular property taxes is determined by the King County Assessor as follows. First, the Assessor determines the amount of regular City property taxes that could be levied for collection in 2016 had the voters approved none of the levy lid lift measures submitted pursuant to RCW 84.55.050 and Ordinances 123013, 123567, 123851, 124509, 124796 and Resolution 31601. This amount is computed by the Assessor by multiplying the amount of general purpose regular property taxes levied for collection in 2015 by a limit factor. The limit factor is the lesser of 101% or 100% plus the rate of inflation, unless pursuant to RCW 84.55.0101, the Council finds that there is a substantial need to use and approves the use of 101% as the regular property tax limit factor. Second, the Assessor adds the levy for tax refunds authorized by RCW 84.68.040, RCW 84.69.180 and RCW 84.55.070; plus the allowance authorized by RCW 84.55.010 for new construction, increases in assessed value due to construction of electric generation wind turbine facilities classified as personal property, improvements to property, and any increase in the assessed value of state-assessed property. Then, to that total amount is added the six dollar amounts set forth in the last sentence of subsection 1.A authorized for 2016 collection in the approvals given by the voters of the City pursuant to RCW 84.55.050 and those enumerated ordinances.

Section 2. Pursuant to RCW 84.55.0101, and pursuant to the Council's letter of June 3, 2015 stating its budget priorities for the 2016 budget, and in order to carry out those budget goals and the 2016-2021 Capital Improvement Program, the City Council finds that there is a substantial need to use and approves the use of 101% as the regular property tax limit factor for regular property taxes to be collected in 2016.

Section 3. Voter-approved excess taxes for bonds. In addition, a further tax is levied to raise revenue to provide for the interest on and redemption of voter-approved general obligation bonds for the fiscal year 2016 in the amount of $28,852,731. This tax is applicable to all taxable property within The City of Seattle.

Section 4. Severability. The several provisions of this ordinance are declared to be separate and severable and the invalidity of any clause, sentence, paragraph, subdivision, section, subsection, or portion of this ordinance, or the invalidity of the application thereof to any person, property, or circumstance, shall not affect the validity of the remainder of this ordinance or the validity of its application to other persons, property, or circumstances.

Section 5. Any act pursuant to the authority of this ordinance taken after the passage of this ordinance is ratified and confirmed.

Section 6. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 23rd day of NOVEMBER, 2015, and signed by me in open session in authentication of its passage this 23rd day of NOVEMBER, 2015.

President ______ of the City Council

Approved by me this 1st day of December, 2015.

Edward B. Murray, Mayor

Filed by me this 1st day of December, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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

__X_ This legislation has direct financial implications.

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

3.a. Appropriations

____ This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2015 Revenue	2016 Estimated Revenue
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
TOTAL			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: