

SUMMARY and FISCAL NOTE*

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

a. 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 2018; and ratifying and confirming certain prior acts.

b. Summary and background of the Legislation: This ordinance imposes the City's property tax for 2018 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 prior to revision is 1.55%. Thus, the Council does not need 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, the Library levy lid lift and the Move Seattle Transportation levy lid lift per the terms of their respective ordinances. No levy lid lifts expire in 2017 and no new lid lifts were proposed for voter approval. Altogether, these changes result in an overall increase from 2017 of \$3,960,036, 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 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 began collecting tax revenues in the 2016 tax collection year.

Additionally, this ordinance includes a levy of \$30,375,700 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2018, a decrease of \$305,640 from the amount levied for collection in 2017. 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

a. Does this legislation amend the Adopted Budget? Yes No

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2018	2019	2018	2019
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2018	2019	2018	2019
	\$0		\$0	
Positions affected:	No. of Positions		Total FTE Change	
	2018	2019	2018	2019
Other departments affected:	SDOT, DEEL and Libraries			

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
 Yes, please see section c) below.

c. 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 2017 current expense levy, Families and Education levy lid lift, Library levy lid lift and Move Seattle Transportation levy lid lift estimated to be \$9.94 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2017 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.

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	Dept	Revenue Source	2017 Revenue	2018 Estimated Revenue
00100 General Subfund	General Fund	Property Tax	\$248,740,917	\$260,881,989
10300 Transportation Fund	Transportation	Property Tax	\$95,950,000	\$96,909,500
16418/16419 2016 Low Income Housing Levy	Office of Housing	Property Tax	\$41,428,571	\$41,428,571
17857 2011 Education Support Services Subfund	Neighborhoods	Property Tax	\$33,738,474	\$34,075,858
18100 Library Levy Fund	Seattle Public Library	Property Tax	\$17,690,268	\$17,867,171
17861 Preschool Services Fund	Dept. of Education & Early Learning	Property Tax	\$14,566,630	\$14,566,630
12300 Election Vouchers Fund	Ethics & Elections Commission	Property Tax	\$3,000,000	\$3,000,000
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	\$30,681,340	\$30,375,700
TOTAL			\$485,796,200	\$499,105,419

Revenue/Reimbursement Notes:

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a) **Does this legislation affect any departments besides the originating department?**

See b) above and the “Anticipated Revenue” Table above for affected departments.

b) **Is a public hearing required for this legislation?**

Yes. Public hearings will take place on October 5, 2017 and November 1, 2017.

c) **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

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

No.

e) Does this legislation affect a piece of property?

No.

f) 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.

g) 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.

NA

h) Other Issues:

None.

List attachments/exhibits below: