### **SUMMARY and FISCAL NOTE**

Department:	Dept. Contact:	CBO Contact:
СВО	Richard Dadzie	Alexandria Zhang

### 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 2026; and ratifying and confirming certain prior acts.

**Summary and Background of the Legislation:** This ordinance imposes the City's property tax for 2026 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 2.1%. Thus, the attached Bill does not contain, and the Council will 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.

The current 7-year Families, Education, Preschool and Promise levy lid lift (Ord. 125604) expires in 2025. Based on voter approval, the City's regular levy includes for 2026 collection, the new Families, Education, Preschool and Promise levy lid lift with a first-year levy amount of \$209,716,667. Altogether, these changes result in an overall increase from 2025 of \$112,992,323, 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 \$16,154,900 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2026, a decrease of \$10,000 from the amount levied for collection in 2025. This amount includes the payment amount against the Seawall bond.

2. CAPITAL IMPROVEMENT PROGRAM					
Does this legislation create, fund, or amend a CIP Project?				☐ Yes ⊠ No	
3. SUMMARY OF FINA	ANCIAL IMP	PLICATIONS			
Does this legislation have	financial imp	oacts to the Ci	ity?		⊠ Yes □ No
Expenditure Change (\$); General Fund	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
Expenditure Change (\$); Other Funds	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
Revenue Change (\$);	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
General Fund	\$0.93m	\$0.94m	\$0.95m	\$0.96m	\$0.97m
Revenue Change (\$);	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
Other Funds	\$2.7m	\$2.7m	\$2.7m	\$2.8m	\$2.8m
	2026	2025 4	2020 4	2020 4	2020 4
Number of Positions	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
Total FTE Change	2026 est.	2027 est.	2028 est.	2029 est.	2030 est.
					1

## 3.b. Revenues/Reimbursements

 $oxed{\boxtimes}$  This legislation adds, changes, or deletes revenues or reimbursements.

# **Anticipated Revenue/Reimbursement Resulting from This Legislation:**

Fund Name and Number	Dept	Revenue Source	2025 Revenue	2026 Estimated Revenue
00100 General Fund	General Fund	Property Tax	\$330,954,429	\$327,449,351
	Office of Housing	Property Tax	\$138,608,596	\$138,608,596

18200 2019 Library	Seattle Public	Property Tax	\$31,920,296	\$32,239,499
Levy Fund	Library			
12300 Election	Ethics &	Property Tax	\$3,000,000	\$4,500,000
Vouchers Fund	Elections			
	Commission			
17876 Families,	Dept. of	Property Tax	\$91,184,581	\$209,716,667
Education,	Education &			
Preschool and	Early			
Promise Fund	Learning			
10399 2025	Transportation	Property Tax	\$187,000,000	\$188,870,000
Transportation Levy				
20140 UTGO Bond	FAS	Property Tax	\$16,164,900	\$16,154,900
Interest &				
Redemption Fund				
TOTAL			\$798,832,802	\$917,539,012

#### **Revenue/Reimbursement Notes:**

### 3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

Please describe any financial costs or other impacts of *not* implementing the legislation.

Without this legislation, no **increase** in property tax revenue, other than that resulting from a voted levy lid lift, 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 2025 regular levy, estimated to be \$3.6 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2025 tax collection year plus any newly voter-approved levy lid lifts, 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.

### 4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

See the "Anticipated Revenue" Table above for affected departments.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No.

- c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.
  - i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

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. Increases in taxes may disproportionately affect low-income individuals.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.
- iii. What is the Language Access Plan for any communications to the public?

N/A.

- d. Climate Change Implications
  - i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

Neither. This legislation only provides authorization to collect property taxes. It has no direct policy or programmatic effects on carbon emissions.

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ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

Neither. This legislation only provides authorization to collect property taxes. It has no direct policy or programmatic effect.

e. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?

N/A.

5. CH	HECKLIST
	Is a public hearing required?
	Is publication of notice with <i>The Daily Journal of Commerce</i> and/or <i>The Seattle Times</i> required?
$\boxtimes$	If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?
	Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
6. AT	TTACHMENTS

**Summary Attachments:** None.