

SUMMARY and FISCAL NOTE*

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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

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 2024; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This ordinance imposes the City’s property tax for 2024 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 5.08%. 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.

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 Move Seattle Transportation levy lid lift, the Families, Education, Preschool and Promise levy lid lift and the Library Services levy lid lift per the terms of their respective ordinances. All other lid lifts are flat amounts year over year. The current 7-year Housing lid lift (Ord. 125028) expires in 2023. Based on voter approval, the City’s regular levy includes for 2024 collection, the new Housing levy lid lift with a first-year levy amount of \$138,608,596. Altogether, these changes result in an overall increase from 2023 of \$102,661,703, 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 \$16,162,900 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2024, a decrease of \$151,900 from the amount levied for collection in 2023. 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 ___ X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___ X No

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. This legislation authorizes collection of the City’s several property tax levies in calendar year 2024. See following sections for more details.

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 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 2023 current expense levy, Families, Education, Preschool and Promise levy lid lift, Move Seattle Transportation levy lid lift and Library Services levy lid lift, estimated to be \$3.65 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2023 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.

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	2023 Revenue	2024 Estimated Revenue
00100 General Fund	General Fund	Property Tax	\$319,388,945	\$320,784,992
10398 Move Seattle Levy Fund	Transportation	Property Tax	\$101,852,858	\$102,871,387
16418/16419 2016 Housing Levy Capital Fund/2016 Levy O&M Fund	Office of Housing	Property Tax	\$41,428,571	\$0
18200 2019 Library Levy Fund	Seattle Public Library	Property Tax	\$31,291,340	\$31,604,253
12300 Election Vouchers Fund	Ethics & Elections Commission	Property Tax	\$3,000,000	\$3,000,000
17871 Families, Education, Preschool and Promise Fund	Dept. of Education & Early Learning	Property Tax	\$89,387,884	\$90,281,763
16XXX 2023 Housing Levy	Office of Housing	Property Tax	\$0	\$138,608,596
20140 UTGO Bond Interest & Redemption Fund	FAS	Property Tax	\$16,314,800	\$16,162,900
TOTAL			\$602,664,398	\$703,313,892

Is this change one-time or ongoing?

One-time.

4. OTHER IMPLICATIONS

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

See 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 18, 2023 and November 13, 2023.

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

No

d. Does this legislation affect a piece of property?

No

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

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.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

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

2. 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.

g. 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).

N/A