

**CITY OF BURIEN
AGENDA BILL**

Agenda Subject: Establishing Substantive Need for Increasing the Property Tax Levy Up To 1% and Adopting the 2010 Property Tax Levy	Meeting Date: November 23, 2009
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Department: Finance Department Contact: Tabatha Miller, Finance Director Telephone: (206) 439-3150	Attachments: 1. <u>Resolution No. 306</u> 2. <u>Ordinance No. 524</u>	Fund Source: Activity Cost: Amount Budgeted: Unencumbered Budget Authority:
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Adopted Work Plan Priority: Yes No X	Description: N/A
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PURPOSE/REQUIRED ACTION: The purpose of this agenda item is to discuss and potentially find Substantive Need for Increasing the Property Tax Levy Up To 1% and discuss and potentially adopt the 2010 Property Tax Levy.

BACKGROUND (Include prior Council action & discussion):

As part of the annual budget process, the Council establishes the 2010 property tax levy. By law, the annual amount of increase is limited to the lesser of 1% or inflation. This year inflation was negative (-.848%), meaning that the property tax increase is limited to 99.152% of the 2009 levy or a -.848% reduction, unless Council makes a finding of "substantial need." In order for the Council to capture any amount above 99.152% of the 2009 levy up to a 1% increase, as budgeted, a separate resolution finding "substantial need" would need to be adopted by a majority of council plus one. Establishing "substantial need" is also necessary to bank levy capacity of up to 1.848% for future years. The difference between 101% and 99.15% of the 2009 levy is approximately \$100,000. The difference between 99.15% and 100% of the 2009 levy is approximately \$46,000. The difference between 100% and 101% of the 2009 levy is approximately \$54,000.

Based on the most current data provided by the King County Assessor's office, 2010 property tax levy options outlined below are based on the following calculation:

Using the 1% Limit Assuming a finding of "Substantial Need"		Using Implicit Price Deflator (-.848%)
\$5,387,032	2009 Property Tax levy	\$5,387,032
1.01	x Limit Factor	.9915
\$5,440,902	= Levy	\$5,341,242
\$60,172	+ New Construction Levy	\$60,172
\$5,501,074	Burien Limit Levy	\$5,401,414

OPTIONS (Including fiscal impacts):

1. Adopt Resolution #306 establishing "substantial need." Adopt proposed Ordinance No.524 , setting the 2010 Property Tax Levy at 1% above of the 2009 levy.
 - 2010 Property Tax levy: \$5,501,074
2. Adopt Resolution #306 establishing "substantial need." Adopt proposed Ordinance No. 524, setting the 2010 levy at -.848% less than the 2009 levy, thereby reducing the 2010 levy. The difference 1.848% will be "banked" capacity for future years.
 - 2010 Property Tax levy: \$5,401,414
3. Adopt Resolution #306 establishing "substantial need." Adopt proposed Ordinance No. 524, setting the 2010 at the 2009 levy, meaning *no increase* in the property tax levy for 2010 and 1% in capacity will be "banked" for future years.
 - 2010 Property Tax levy: \$5,447,204
4. **Do not** adopt Resolution #306 establishing "substantial need." The property 2010 tax levy will be -.848% less than the 2009 levy, reducing the 2010 levy. No levy capacity will be "banked" and the existing capacity, without a public vote, will be permanently reduced by 1.848%.
 - 2010 Property Tax levy: \$5,401,414

Administrative Recommendation: Adopt Resolution # 306, establishing "substantial need" and adopt Ordinance No. 524 setting the 2010 Property Tax Levy at 101% of the 2009 levy.

Committee Recommendation: N/A

Advisory Board Recommendation: N/A

Suggested Motion: Motion to adopt Resolution #306. After Resolution #306 is adopted, a motion to adopt Ordinance #524.

Submitted by: Tabatha Miller, Finance Director

Administration

City Manager

Today's Date: November 17, 2009

File Code: RICC\Agenda Bill 2009\112309ad-2 Property Tax.docx

CITY OF BURIEN, WASHINGTON
RESOLUTION NO. 306



**A RESOLUTION OF THE CITY OF BURIEN,
WASHINGTON, MAKING A DECLARATION OF
SUBSTANTIAL NEED FOR PURPOSES OF THE SETTING
THE LIMIT FACTOR FOR THE PROPERTY TAX LEVY
FOR 2010**

WHEREAS, RCW 84.55.010 provides that a taxing jurisdiction may levy taxes in an amount no more than the limit factor multiplied by the highest levy of the most recent three years plus additional amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property; and

WHEREAS, under RCW 84.55.005(2)(c), the limit factor for a taxing jurisdiction with a population of 10,000 or over is the lesser of 101 percent or 100 percent plus inflation; and

WHEREAS, under RCW 84.55.005(1) defines "inflation" as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce in September of the year before the taxes are payable; and

WHEREAS, "inflation" for July 2009 is -.848 percent and the limit factor is 99.152 percent, meaning the taxes levied in Burien in 2009 for collection in 2010 will decrease except for the amounts resulting from new construction and improvements to property, newly constructed wind turbines, and any increase in the value of state-assessed utility property; and

WHEREAS, RCW 84.55.0101 provides for use of a limit factor of 101 percent or less with a finding of substantial need by a majority plus one council members; and

WHEREAS, the City of Burien has experienced a more than 16 percent decline in Sales Tax and other Revenues during 2009; and

WHEREAS, the City of Burien reduced the 2009-2010 expenditure budget in response to the overall decline in revenues anticipated to continue through 2010; and

WHEREAS, the City of Burien strives to continue public services at existing levels with little or no impact on Burien's residents and visitors; and

WHEREAS,; the Burien City Council has determined that, due to general maintenance and operation expenses, the City Council finds that there is a substantial need authorizing the use of a limit factor of 101 percent for the property tax levy for 2010;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. A finding is made of substantial need under RCW 84.55.0101, which authorizes the use of a limit factor 101 percent or less for the property tax levy for 2010.

Section 2. Effective Date. This resolution shall take effect immediately upon approval.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, AT A REGULAR MEETING THEREOF THIS _____ DAY OF _____, 2009.

CITY OF BURIEN

Joan McGilton, Mayor

ATTEST/AUTHENTICATED:

Monica Lusk, City Clerk

Approved as to form:

Christopher D. Bacha, Interim City Attorney
Kenyon Disend, PLLC

Filed with the City Clerk:
Passed by the City Council:
Resolution No. 306

CITY OF BURIEN, WASHINGTON
ORDINANCE NO. 524



A ORDINANCE OF THE CITY OF BURIEN, WASHINGTON, LEVYING THE GENERAL TAXES FOR THE CITY OF BURIEN IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2010, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CARRY ON THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE ENSUING YEAR AS REQUIRED BY LAW.

WHEREAS, the City Council of the City of Burien has met and considered its budget for the 2009 and 2010 calendar years; and,

WHEREAS, the City Council held a final public hearing on November 23, 2009, to consider revenue sources and expenditures for the second year of its 2009-2010 biennial budget; and,

WHEREAS, the City of Burien's actual levy amount from the previous year was \$5,399,554; and,

WHEREAS, the population of the City of Burien is more than 10,000; and,

WHEREAS, the City Council adopted Resolution No. 306, establishing "substantial need" pursuant to RCW 84.55.0101;

THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. 2010 Levy Rate. There shall be and hereby is levied on all real, personal, and utility property in the City of Burien, in King County, current taxes for the year commencing January 2010, in the amount specified below:

Regular Tax Levy of \$5,550,000

The dollar amount of the increase over the actual levy amount from the previous year shall be \$53,870 which is a percentage increase of 1% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

The said taxes herein provided for are levied for the purpose of payment upon the general bonded indebtedness of the City of Burien, for the construction of a new Sr. Center, Town Square and for the maintenance of the departments of the municipal government of the City of Burien for the fiscal year beginning January 1, 2010.

Section 2. Notice to King County. This ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Finance Director of the City of Burien at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for noncharter code cities.

Section 3. Effective Date. This ordinance shall be in full force five days after publication of this ordinance or a summary thereof in the official newspaper of the City, as provided by law.

Section 4. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE _____ DAY OF NOVEMBER, 2009, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE THIS _____ DAY OF NOVEMBER, 2009.

CITY OF BURIEN
/s/ Joan McGilton, Mayor

ATTEST/AUTHENTICATED:
/s/ Monica Lusk, City Clerk

Approved as to form:
/s/ Christopher Bacha
Kenyon Disend, PLLC
Interim City Attorney

Filed with the City Clerk:
Passed by the City Council:
Ordinance No. 524
Date of Publication:

Submit this document to the county legislative authority on or before November 30 of the year preceding the year in which the levy amounts are to be collected and forward a copy to the assessor.

In accordance with RCW 84.52.020, I, Tabatha Miller,
(Name)

Finance Director, for City of Burien, do hereby certify to
(Title) (District Name)

the King County legislative authority that the Council
(Name of County) (Commissioners, Council, Board, etc.)

of said district requests that the following levy amounts be collected in 2010 as provided in the district's
(Year of Collection)

budget, which was adopted following a public hearing held on 11/09/09 :
(Date of Public Hearing)

Regular Levy: \$5,550,000.00
(State the total dollar amount to be levied)

Excess Levy: \$0.00
(State the total dollar amount to be levied)

Refund Levy: \$0.00
(State the total dollar amount to be levied)

Signature: _____

Date: _____

For tax assistance, visit <http://dor.wa.gov/content/taxes/property/default.aspx> or call (360) 570-5900. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.

