



MONROE CITY COUNCIL

Agenda Bill No. 19-217

SUBJECT:	<i>Ordinance No. 020/2019, Setting 2020 Property Tax Levy; First Reading</i>			
DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
10/22/2019	Finance	Becky Hasart	Becky Hasart	New Business #1

Discussion: 10/08/2019, 10/15/2019, 10/22/2019; 11/12/2019
Public Hearing – Council: 10/08/2019 and 10/15/2019
First Reading: 10/22/2019
 11/12/2019 Final Reading scheduled
Attachments: 1. Ordinance No. 020/2019

REQUESTED ACTION: Move to accept for first reading Ordinance No. 020/2019, fixing the amount of taxes to be levied by the City for the Calendar Year 2020.

POLICY CONSIDERATIONS

RCW 35A.33 governs the budget process for optional municipal code cities, such as the City of Monroe. RCW 84.52.020 requires that our property tax levy be filed with the county no later than November 30th. The 2020 Mayor’s Recommended Budget recommends no increase in the property tax rate, instead banking the unused capacity. Any increase in property tax revenue would be from new construction.

DESCRIPTION/BACKGROUND

The 2020 Recommended Budget was delivered to Council on September 24, 2019, and available to the public on September 30, 2019. This document outlines the revenue projections being made which supports the expenditures being requested for all funds of the City, including property taxes.

A Public Hearing was held on October 8, 2019, at which no comments were received.

Total 2020 Revenues (all funds) is proposed at \$63,188,610, with beginning fund balances totaling \$36,898,005, and overall available revenues for 2020 of \$100,086,615. Specific fund revenue sources and balances may be found beginning on page 26 of the 2020 Recommended Budget, which may be accessed on the City’s web site at www.monroewa.gov under Government-Departments-Finance-Budget and Financial Reports.

Total 2020 proposed General Fund revenues, before beginning fund balance, are projected at \$15,061,788. With beginning fund balance, total available resources for the General Fund is \$19,028,590. There is no proposed increase to property tax rates. Any increase in property tax revenues come from new construction only. Total property taxes are estimated to be \$3,275,000 based on an estimate of \$100 million for new construction.

A full breakdown of the General Fund revenues may be found beginning on page 31 of the 2020 Recommended Budget.

Per RCW 84.52.020, the City of Monroe’s 2020 tax levy must be certified with the county no later than November 30th. As part of the certification, the attached ordinance must be included.

FISCAL IMPACTS

Total City Budget - All funds - \$100,086,615.
 General Fund - \$19,028,590.
 Property Taxes - \$3,275,000.

The 2020 Recommended Budget does not increase property taxes, instead banking the one percent legally allowed increase.

The following chart details the historical rate per thousand assessed for City taxes and illustrates the impact of banking the legally allowed tax increase in 2020:

Historical City Assessed Valuation, General Property Tax Levied, and City Property Tax Rate					
**2020 rates are preliminary estimates					
Year	Assessed Value	Revenue	per \$1,000		
2020**	\$ 2,885,062,587	\$ 3,275,000	\$	1.14	
2019	\$ 2,600,459,852	\$ 3,201,628	\$	1.23	
2018	\$ 2,255,923,097	\$ 2,674,640	\$	1.19	
2017	\$ 1,991,598,893	\$ 2,577,719	\$	1.29	
2016	\$ 1,773,873,208	\$ 2,047,724	\$	1.15	
2015	\$ 1,631,751,335	\$ 2,013,295	\$	1.23	
2014	\$ 1,464,883,201	\$ 1,991,453	\$	1.36	
2013	\$ 1,349,715,977	\$ 1,969,615	\$	1.46	

Snohomish County has indicated that estimated increases to assessed values for property in Monroe will be on average 8.18 percent. By not assessing the one percent increase to property taxes allowed by law, the City of Monroe’s portion of the property tax bill should remain the same (slight difference due to rounding). The following table illustrates this:

Taxes calculated by taking assessed value/1,000 times tax rate

2019 Home Value	2020 Estimated Home Value 8.18% Increase	2019 City Tax Rate	2019 City Tax	2020 Estimated City Tax Rate	2020 Estimated City Tax	Difference Year of Year
\$ 250,000	\$ 270,450	\$ 1.23	\$ 307.79	\$ 1.14	\$ 307.77	\$ (0)
\$ 300,000	\$ 324,540	\$ 1.23	\$ 369.35	\$ 1.14	\$ 369.33	\$ (0)
\$ 400,000	\$ 432,720	\$ 1.23	\$ 492.47	\$ 1.14	\$ 492.44	\$ (0)
\$ 500,000	\$ 540,900	\$ 1.23	\$ 615.59	\$ 1.14	\$ 615.54	\$ (0)
\$ 600,000	\$ 649,080	\$ 1.23	\$ 738.71	\$ 1.14	\$ 738.65	\$ (0)

TIME CONSTRAINTS

Per RCW 84.52.020, the City must certify its property tax collection to the county no later than November 30th. The adopted property tax ordinance must be included as part of the certification.

ALTERNATIVES

1. Provide direction to the Mayor and Staff to increase the use of banked capacity to fund additional needs in fiscal year 2020, to be reflected in an adopted property tax ordinance prior to November 30, 2019.
2. Provide direction to the Mayor and Staff to decrease the property tax rate based on Council directed cuts to the proposed budget, to be reflected in an adopted property tax ordinance prior to November 30, 2019.
3. Do nothing. This alternative would cause the City to miss the statutory deadline for levy certification, which would result in no additional property tax assessment over 2019 levels, and would cause the City to lose the ability to bank its legally allowed one percent tax authority associated with fiscal year 2020.

CITY OF MONROE
ORDINANCE NO. 020/2019

AN ORDINANCE OF THE CITY OF MONROE,
WASHINGTON, FIXING THE AMOUNT OF TAXES TO BE
LEVIED BY THE CITY FOR THE CALENDAR YEAR 2020

WHEREAS the City Council of the City of Monroe, Washington, has met and considered its budget for the calendar year 2020; and

WHEREAS the public hearing to consider the City of Monroe's 2020 General Fund Revenues and specifically the property taxes was held on October 8, 2019, and October 15, 2019, at which no public comments were received; and

WHEREAS the City's actual levy amount from the previous year was \$3,201,628.27; and

WHEREAS the City's highest lawful levy available is \$3,454,481.03, resulting in \$252,852.76 in banked levy capacity; and

WHEREAS the population of the City of Monroe is more than ten thousand; and

WHEREAS the Implicit Price Deflator (IPD) was higher than one percent, limiting the City's legally allowed increase to one percent; and

WHEREAS the City is choosing to limit its property tax increase to less than one percent, banking the remaining legally allowed increase capacity.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONROE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Property Tax Levy. The regular property tax levy for the calendar year 2020 is hereby increased by zero dollars, which is a zero percent increase from the previous year's levy. The levy amount is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, and any annexations that have occurred and refunds made.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance shall take effect five (5) days after publication.

PASSED by the City Council and APPROVED by the Mayor of the City of Monroe,
at a regular meeting held this _____ day of _____, 2019.

First Reading: October 22, 2019
Adoption:
Published:
Effective:

CITY OF MONROE, WASHINGTON:

(SEAL)

Geoffrey Thomas, Mayor

ATTEST:

APPROVED AS TO FORM:

Elizabeth M. Adkisson, MMC, City Clerk

J. Zachary Lell, City Attorney