

City of Chehalis, WA 2022 Revenue Source - Property Tax Levy

Public Hearing

November 8, 2021

Chun Saul, Finance director

Purpose and Action

- Information on the General Fund revenue sources for the 2022 Budget as part of the legally required public hearing (RCW 84.55.120)



- Information on the 2022 property tax assessment as background for Ordinance No. 1023-B (Setting the 2022 Levies of Ad Valorem Taxes)
 - ❖ Regular levy
 - ❖ EMS levy

The General Fund

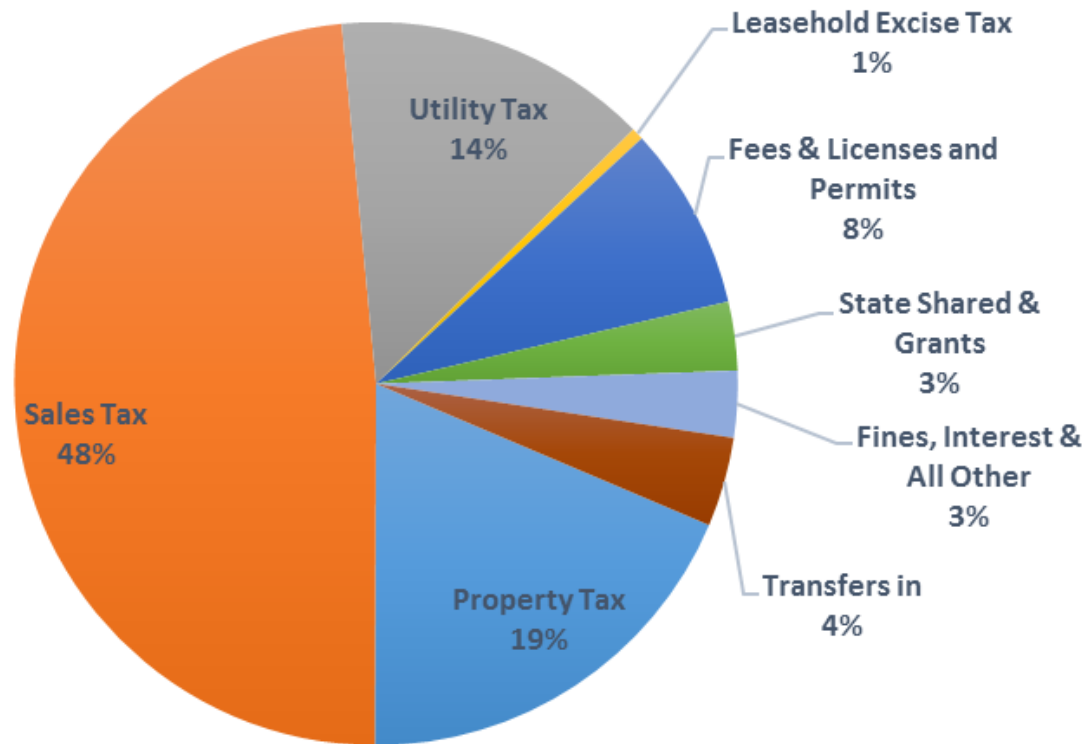
- Primary Operating Fund used for basic municipal services.
 - *City Council; Administration (City Manager, City Clerk, Legal Service, Finance, and Human Resources); Police; Fire; Planning & Building; Public Works Facilities & Parks and Street Maintenance; Municipal Court; Recreation services*

- Accounts for all financial resources except for those required or designated to be accounted for in another fund.

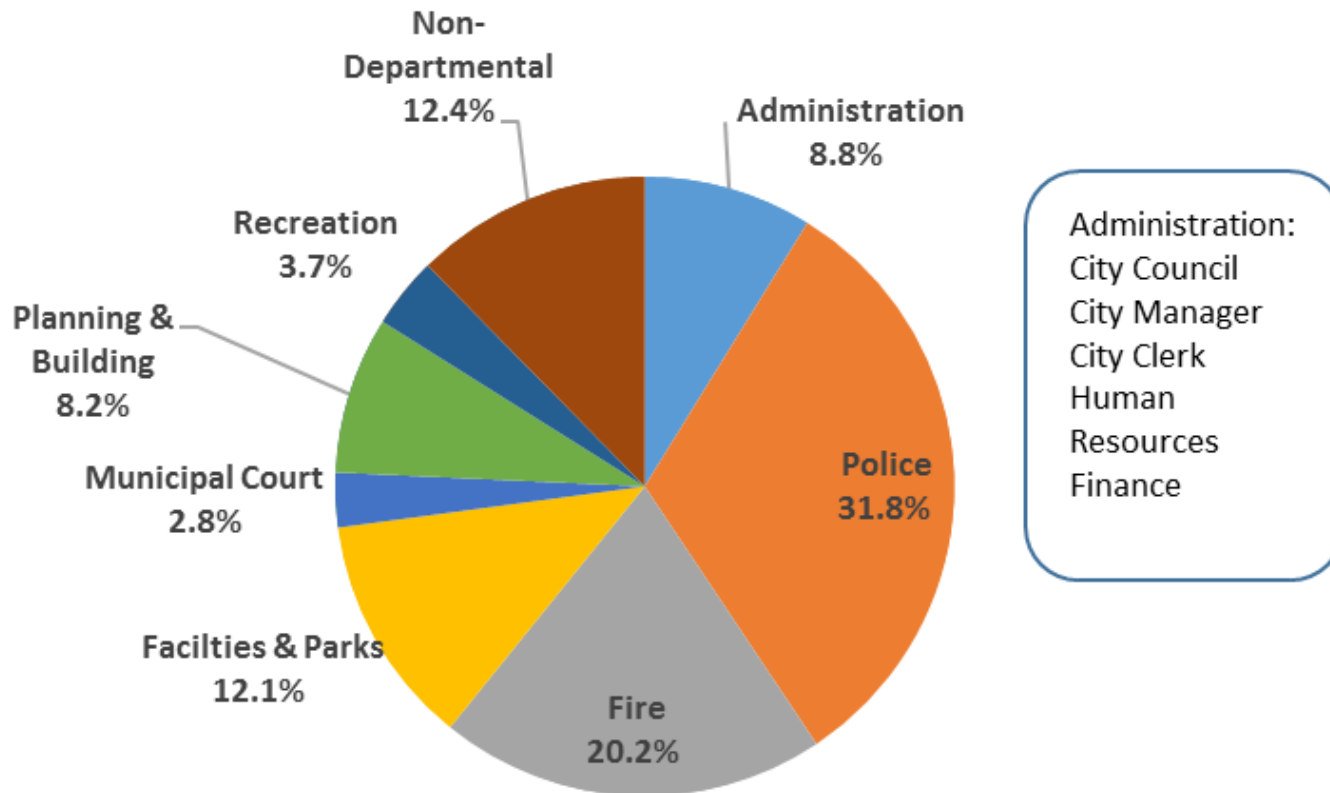
- Funding sources come from taxes, fees for services, state shared revenues, and other miscellaneous revenues.
 - Total tax revenues makes up 82% of the General Fund 2022 revenues.

| General Revenue Summary | 2022 Proposed Budget | Percent |
|---|---------------------------------|----------------|
| Use of Beginning Fund Balance  | \$ 462,210 | |
| Tax Revenues: | | |
| Property Tax | \$ 2,137,200 | 19% |
| Sales Tax | \$ 5,543,000 | 48% |
| Utility Tax | \$ 1,615,000 | 14% |
| Leasehold Excise Tax | \$ 61,800 | 1% |
| Total Tax Revenues | <u>\$ 9,357,000</u> | <u>82%</u> |
| Other Revenues: | | |
| Fees & Licenses and Permits | \$ 940,800 | 8% |
| State Shared & Grants | \$ 351,270 | 3% |
| Fines, Interest & All Other | <u>\$ 340,600</u> | 3% |
| Total Other Revenues | \$ 1,632,670 | 14% |
| Transfers in  | <u>\$ 457,340</u> | |
| Total Revenues | \$ 11,447,010 | 100% |
| Total Appropriation | \$ 11,909,220 | |

City of Chehalis General Fund 2022 Total Revenue Budget \$11,447,010 Where The Money Comes From



City of Chehalis General Fund 2022 Total Expenditures Budget \$11,909,220 Where the Money Goes?



Property Tax – Annual Levy Action

- Council must set levy every year to support the cost of general government
- Increasing costs must be balanced by revenues
- City must identify all sources of revenues needed to fund programs including the amount of tax levy
- Most revenues are external to City control (i.e., sales tax, utility tax, etc.)- best estimate
- Property taxes may be increased on a limited basis with City Council approval

Property Tax – Levy Limit

- Cities with a population of less than 10,000 can increase their levy amount by **one percent** without a vote (highest lawful levy calculation provided by County Assessor's Office)
- The statutory Maximum Regular Levy rate for the City of Chehalis is \$3.325 per \$1,000 AV. (\$3.60 plus \$0.225 fire pension levy minus \$0.50 library levy)
 - *2021 levy rate is \$1.999948 per \$1,000 AV*
- Emergency Medical Services (EMS) Levy is up to \$0.50 per \$1,000/AV with voter approval.
 - *2021 EMS levy rate is \$0.40810 per \$1,000 AV*
 - *2022 EMS levy rate will be reset at \$0.500 (current EMS levy expires 12/31/2021. In August 2021, Chehalis voters approved a 6-year renewal)*

Ordinance 1024-B, 2022 Property Tax Levy Proposed Increase Amount and Percentage

- **Regular Levy**

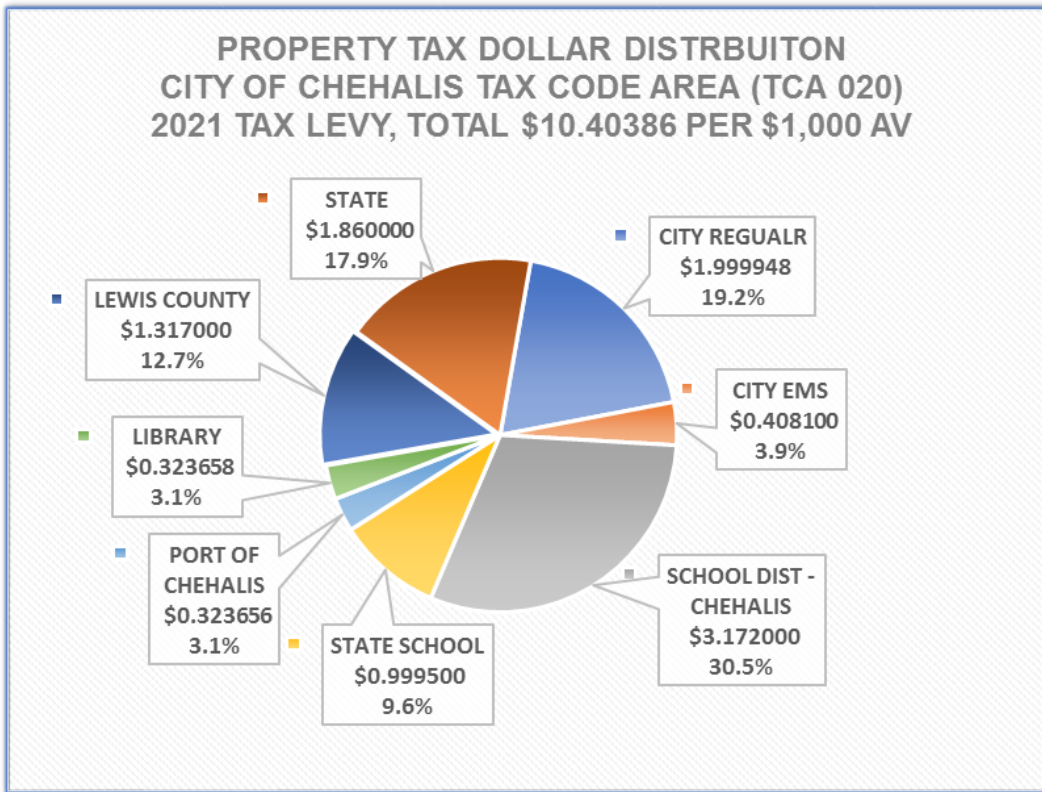
- 2021 Actual Levy **\$1,648,617.59**
- **1% Increase over 2021 Highest Lawful Levy is \$18,382.86** (excludes current year add-ons such as increase from new construction, state-assessed property, and administration refunds, etc.)
- **Percentage increase over 2021 is 1.115047%**

- **EMS Levy**

- 2021 Actual Levy \$336,409.23
- 2022 levy rate is \$0.50 per \$1,000 AV (**Voter approved**)
- 2022 Increase over 2021 is \$127,581.31
- Percentage increase of 37.924437%

➤ *This applies to the City portion of the property tax. City of Chehalis has no control over the amounts levied by other agencies.*

Property Tax Distribution (Direct & Overlapping Rate)



Several taxing districts/agencies tax the same property

Tax Code Area 020
2021 total direct and overlapping levy rate is \$10.40386/\$1,000 AV

Chehalis taxing district (both Regular and EMS) share of typical property tax bill is about 23.1% (or \$2.4080/\$1000 AV)

2022 Property Tax Levy Amount (Ord. 1023-B)

RCW 84.52.020. City Council to certify tax levy amounts be collected in levy year.
 Levy Certification is filed with the county legislative body by November 30th.

- **Regular Levy**

| | Regular Levy |
|---|------------------------|
| 2021 Actual Levy Amount | \$ 1,648,617.59 |
| 1% Increase over 2021 Highest Lawful Levy (HLL) | \$ 18,382.86 |
| | \$ 1,667,000.45 |
| Plus, Increase from new construction* | \$ 13,716.33 |
| 2022 Proposed Regular Tax Levy Amount* | \$ 1,680,716.78 |

**Exclusive of any increase in the value of state assessed property and administrative refunds.
 2022 Regular Levy Rate is approximately \$1.811154 per \$1,000 AV*

- **EMS Levy**

| | EMS Levy |
|------------------------------------|----------------------|
| 2022 Preliminary Assessed Value | \$ 927,981,072.00 |
| 2022 EMS levy rate (per 1,000/AV)* | \$ 0.50 |
| 2022 EMS levy Amount | \$ 463,990.54 |

Recommendation

- *It is recommended that the City Council:*
 - 1) Accept public comment on the City's 2022 Revenue Sources/Property Taxes
 - 2) Close the Public Hearing on the City's 2022 Revenue Sources/Property Taxes
 - 3) Open the Public Hearing on the 2022 Proposed Budget
 - 4) Accept public comment on the 2022 Proposed Budget
 - 5) Close the Public Hearing on the 2022 Proposed Budget
 - 6) Consider approval on the related ordinances scheduled for action under "New Business."