

City of Chehalis, WA 2021 Revenues – Property Tax Levy Public Hearing November 9, 2020

Chun Saul, Finance director

Purpose and Action

- Information on the revenue projections for the 2021 Budget as part of the legally required public hearing (RCW 84.55.120)
- Information on the 2021 overall property tax assessment is included as background for Ordinance No. 1011-B: Setting the amounts of revenue to be raised property taxes during 2021 (regular and EMS levy)

General Fund

- Primary Operating Fund used for basic municipal services.
 - Legislative
 - Administration (City Manager, City Clerk, Legal Service, Finance, and Human Resources)
 - Public Safety (Police and Fire)
 - Planning & Building
 - Public Works Facilities & Parks and Street Maintenance
 - Municipal Court
 - Recreation services
- Accounted for by primary functions
- General services funded by general revenue sources

General Fund Budget Summary

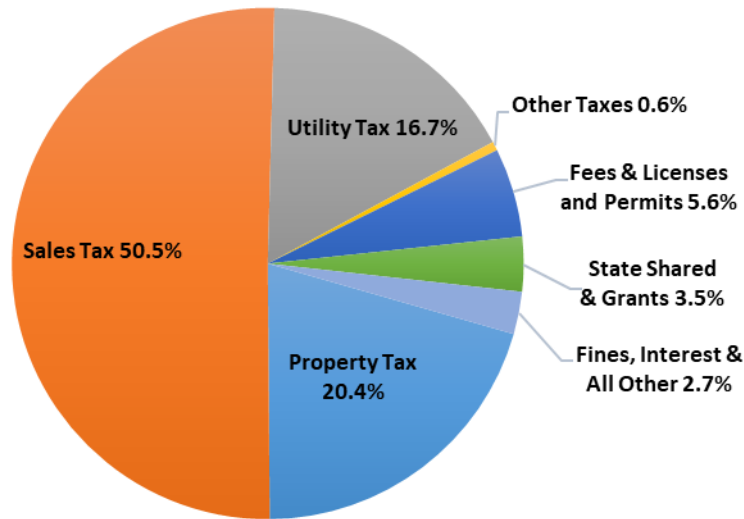
Budget Summary - General Fund	2021 Proposed Budget
Estimated Beginning Fund Balance	\$ 1,089,814
Revenues & Transfers In	\$ 9,693,089
Expenditures & Transfers Out	\$ 10,137,769
Net Revenues Over (Under) Expenditures	\$ (444,680)
Estimated Ending Fund Balance	\$ 645,134

The 2021 Proposed Budget as presented is balanced using \$444,680 of General Fund Reserve (beginning cash)

- Police and Fire makes up about 57% of the General Fund Expenditure Budget

General Fund Revenue Summary

City of Chehalis General Fund
2021 Total Revenue Budget \$9,693,089
Where The Money Comes From



87.7% of
Total General
Fund
Revenue is
from taxes.

Property Tax – Annual Levy Action

- City 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 – best estimate
- Property taxes may be increased on a limited basis with City Council approval
- Property taxes for upcoming year must be certified to the County Assessor
 - **no later than November 30.**

Property Tax – Levy Limit

➤ Property tax levy limit

- Cities with a population of less than 10,000 can increase their levy amount by one percent (1 %) without a vote
- Plus additional levy generated by new construction, annexation & other adjustments added to tax roll

➤ Chehalis Maximum Statutory Regular (General Fund) Levy Rate

- Maximum rate \$3.60 minus the Library District levy \$0.50, plus Firefighters' Pension Fund levy at \$0.225, leaving a maximum statutory levy rate at approximately \$3.325 per \$1,000 of assessed valuation.
- 2020 actual levy rate was \$2.10

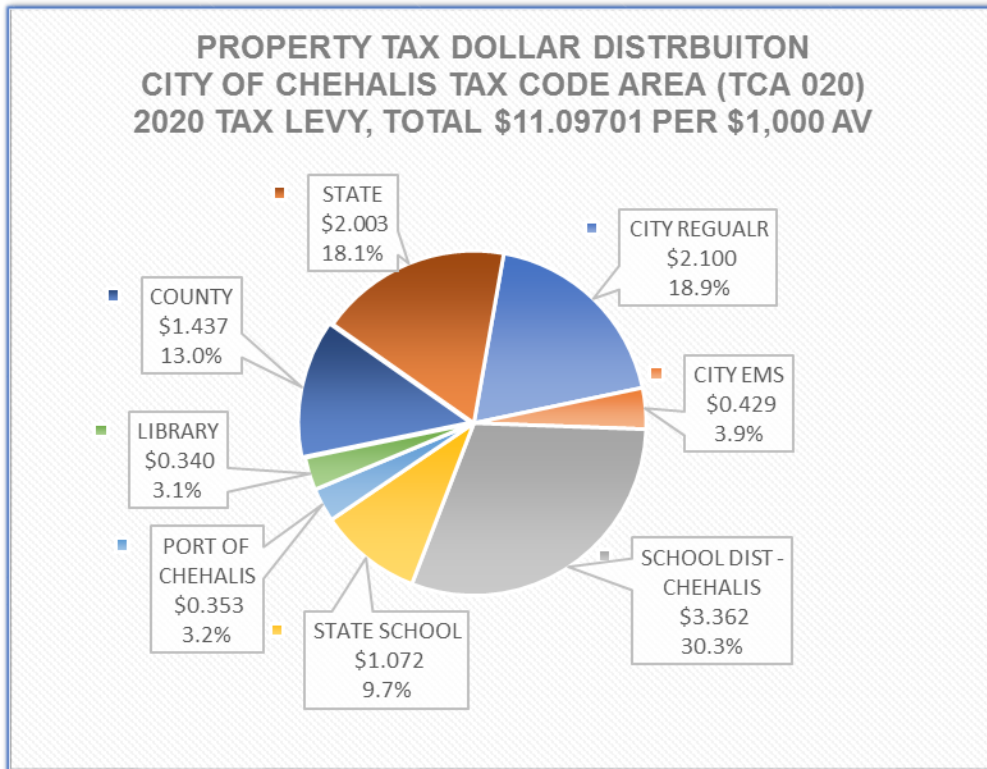
➤ Emergency Medical Services (EMS) Levy

- Additional levy up to \$0.50 per \$1,000 AV (requires voter approval)
- May be imposed for 6 years, 10 years, or permanently
- Chehalis EMS levy expires in 2021 – need voter approval for renewal

➤ City of Chehalis Banked Capacity

- City has about \$246,000 in banked capacity in 2020 tax year
- No plans to use banked capacity in 2021

Property Tax Distribution



Several taxing districts/agencies may tax the same property

Tax Code Area 020

2020 total direct and overlapping levy rate is \$11.09701/\$1,000 AV

More than 77% goes to other entities

Chehalis share of typical property tax bill is less than 23% (or \$2.529/\$1000 AV)

2021 Property Tax Levy – Proposed Amount

➤ **2021 Regular Levy \$1,648,617.59**

- 2020 levy \$1,616,190.00
- 1% increase plus estimated add-ons \$32,427.59

➤ **2021 EMS Levy \$336,409.23**

- 2020 levy \$330,190.00
- 1% increase plus estimated add-ons \$6,210,23

➤ Amounts including the 1% maximum allowed increase plus other estimated adjustments (i.e. new construction and changes in state-assessed utility valuation) and administrative refunds levy.

2021 Property Tax Levy – Proposed Increase Amount and Percentage

- Total proposed increase over 2020 actual levy is **\$21,828.54** or **1.121%**.
- This does not include current year add-ons such as new construction and changes for state assessed utilities

Ordinance No. 1012-B					
Dollar Amounts and Percentage of Changes in Property Tax Levies for 2021 over 2020					
Tax Levy	2020 Actual Levy	1% Maximum Allowed Increase over 2020 Highest Lawful Levy (HLL)	Total Amount Increase in 2021 from 2020 Levy*	Percent Increase from 2020	Estimated Tax increase for Property with \$100,000 Assessed Value
Regular Levy [^]	\$ 1,616,190.00	\$ 18,485.42	\$ 18,485.42	1.143765%	\$ 2.42326
EMS Levy	\$ 330,199.00	\$ 3,343.12	\$ 3,343.12	1.012456%	\$ 0.43794
Total	\$ 1,946,389.00	\$ 21,828.54	\$ 21,828.54	1.121489%	\$ 2.86120

* Does not include current year add-ons such as tax levy for new construction and changes for state-assessed properties.

- Estimated tax increase amount for every *hundred thousand* (\$100,000) of assessed value is about \$2.86
 - This applies to the City portion of the property tax
 - City of Chehalis has no control over the amounts levied by other agencies.

Recommendation

➤ *It is recommended that the City Council:*

- 1) Accept public comment on the City's 2021 Revenue Sources/Property Taxes
- 2) Close the Public Hearing on the City's 2021 Revenue Sources/Property Taxes
- 3) Consider approval on the related ordinances scheduled for action under "New Business."