



## Staff Report

October 17, 2022 Council Workshop

2023 Property Tax 1% Discussion

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 10 minutes

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**BACKGROUND:** This presentation is designed to provide an overview of the 2023 property tax levy options Council has with the Implicit Price Deflator above 1%. Staff will provide the two options and will request direction for the 2023-2024 Biennial Budget.

**SUMMARY:** Property taxes are the primary revenue source for funding of general fund services and emergency medical services for the City of Camas. Property taxes are complicated with different limitations but the one limit which requires City Council's annual consideration is the Levy Increase Limit. In Washington State, property taxes increases are not based on the increasing value of properties but rather on the amount of property taxes that are assessed from the prior year. Each year's levy may be increased by no more than 1% or the Implicit Price Deflator (IPD) which ever is less. The IPD is the percentage change in the implicit price deflator for personal consumption as published by the Bureau of Economic Analysis by September 25<sup>th</sup>. The IPD for the 2023 property tax levy is 6.457%. Therefore, the lawful highest levy would be 1% increase.

The City always has the option to levy the prior year levy amount as well which would be 0% increase in the levy.

Both of these options impact the taxpayer but generally in Camas, it is usually a nominal amount variance between the options. The presentation will review the options for the General Fund levy. The presentation will also provide the average taxpayer's impact with both options.

### **EQUITY CONSIDERATIONS:**

What are the desired results and outcomes for this agenda item? The intent of the presentation is to provide options to City Council to determine which levy will benefit the whole community while maintain affordable tax rates.

What's the data? What does the data tell us? N/A

How have communities been engaged? Are there opportunities to expand engagement? A public hearing will be scheduled for the property tax levies prior to adoption by City Council.

Who will benefit from, or be burdened by this agenda item? All property owners in the City of Camas will be impacted by this agenda item.

What are the strategies to mitigate any unintended consequences? The three legal options will be discussed in the presentation.

Does this agenda item have a differential impact on underserved populations, people living with disabilities, and/or communities of color? Please provide available data to illustrate this impact. The Clark County Assessor's Office can provide exemptions for homeowners who are within certain age and income groups as well as homeowners who may be disabled.

Will this agenda item improve ADA accessibilities for people with disabilities? This agenda item can provide funding for ADA accessibility projects such as the street and sidewalk improvements and crossings.

What potential hurdles exists in implementing this proposal (include both operational and political)? N/A

How will you ensure accountabilities, communicate, and evaluate results? N/A

How does this item support a comprehensive plan goal, policy or other adopted resolution? This item contributes to ensuring sufficient revenue to meet the City's desired level of service.

**BUDGET IMPACT:** The 2023-2024 Budget is projected to incorporate the 1% levy increase. In the past, Council has maintained the 1% to ensure the compounding impact of the 1% is preserved. To compare the options:

General Fund Levy	Tax Levy	Tax Rate	Impact on Homeowner Of \$572,386 Home
0%	\$14,309,655	\$1.93/\$1,000	\$1,105
1%	\$14,452,752	\$1.95/\$1,000	\$1,116
	\$143,097 more than 0%	\$0.02 more than 0%	\$11 more than 0%

**RECOMMENDATION:** Staff recommends the 1% property tax increase to preserve the base revenue source of the City's General Fund and EMS Fund given the low financial impact to average homeowner.