



Staff Report

October 19, 2020 Council Workshop

2021 Property Tax Options Presentation

Presenter: Cathy Huber Nickerson, Finance Director

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BACKGROUND: This presentation is designed to provide an overview of the 2021 property tax levy options Council has with the Implicit Price Deflator below 1%. Staff will provide the three options and will request direction for the 2021-2022 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 25th. The IPD for the 2021 property tax levy is 0.602%.

The City does have the option to increase the levy above the IPD by passing the Substantial Need Resolution per RCW 84.55.0101. The City has passed this resolution each year as part of the 1%.

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

All three of these options impact the taxpayer but generally in Camas, it is usually a nominal amount variance between the options. The presentation will review all three options for the General Fund levy as well as the EMS levy. The presentation will also provide the average taxpayer's impact with all three 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 Mayor’s Recommended 2021-2022 Biennial Budget has incorporated the 1% levy increase. 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 \$522,202 Home |
|-------------------|------------------------|----------------------|---------------------------------------|
| 0% | \$13,571,668 | \$2.56/\$1,000 | \$1,337 |
| IPD | \$13,650,202 | \$2.57/\$1,000 | \$1,345 |
| | \$78,458 more than 0% | \$0.01 more 0% | \$8 more 0% |
| 1% | \$13,702,123 | \$2.58/\$1,000 | \$1,350 |
| | \$130,455 more than 0% | \$0.02 more than 0% | \$13 more than 0% |
| | \$51,921 more than IPD | \$0.01 more than IPD | \$5 more than IPD |

| EMS Levy | Tax Levy | Tax Rate | Impact on Homeowner Of \$522,202 Home |
|-----------------|-----------------------|-----------------------|--|
| 0% | \$2,334,398 | \$0.44/\$1,000 | \$230 |
| IPD | \$2,347,908 | \$0.4429/\$1,000 | \$231 |
| | \$13,511 more than 0% | \$0.003 more 0% | \$1 more 0% |
| 1% | \$2,356,841 | \$0.4445/\$1,000 | \$232 |
| | \$22,443 more than 0% | \$0.004 more than 0% | \$2 more than 0% |
| | \$8,932 more than IPD | \$0.002 more than IPD | \$1 more than IPD |

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.