



## Staff Report

October 21, 2024 Council Workshop

2025 Property Tax Presentation

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 20 minutes

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**BACKGROUND:** This presentation is designed to provide an overview of the 2025 property tax levy options the Council has with the Implicit Price Deflator above 1%. Staff will provide the three options and will request direction for the 2025-2026 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 the 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) whichever 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 2025 property tax levy is 2.57%. 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 a 0% increase in the levy.

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 all options.

The presentation will briefly cover the reset of the Camas EMS Levy to \$0.46/\$1,000 as a result of the April 2024 Levy Renewal and the new Unlimited General Obligation Bond Levy approved by the voters in August, 2024.

**BENEFITS TO THE COMMUNITY:** The intent of the presentation is to provide options to City Council to determine which levy will benefit the whole community while maintaining affordable tax rates.

**POTENTIAL CHALLENGES:** For residents who are having difficulty to pay their property tax bill 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.

**BUDGET IMPACT:** The 2025 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:

<b>Option Number</b>	<b>General Fund Levy</b>	<b>Tax Levy</b>	<b>Tax Rate</b>	<b>Annual Impact on Homeowner Of \$658,861 Home</b>
1.	0%	\$15,482,077	\$1.88/\$1,000	\$1,238 (\$18 less than 2023)
2.	1%	\$15,663,377 \$154,300 more than #1	\$1.90/\$1,000 \$0.02 more than #1	\$1,250 (\$6 less than 2023) \$12 more than #1

**RECOMMENDATION:** Staff recommends the 1% property tax increase to be dedicated to public health and safety and to preserve the base revenue source of the City’s General Fund given the low financial impact to average homeowner.