

City of Medina 2027 Preliminary Budget Public Hearing

Medina City Council

October 12th, 2026

2027 Budget Updates

- **Property Taxes**
 - 2025 was the final year of the 5% bump to the levy portion
 - 2.09% increase in 2027
 - Includes 1% limit increase plus \$51,709 of new construction
- **Updated Expenditures**
 - Liability and Property Insurance – 0.3% increase
 - Medical 11.4% increase, Dental 1.9% increase
 - Added another Patrol Vehicle to the Equipment Replacement Fund Budget - \$85,000

Where do Your Property Taxes Go?

For every \$1 of property tax collected from a Medina taxpayer the City receives \$0.09.

Medina
\$0.09

Schools (State and Local)
\$0.59

King County (Includes Library)
\$0.24



Sound Transit
\$0.02

Other
\$0.06

Property Tax Overview



Definition of "Levy"

Noun: The total dollar amount requested by a taxing district to be collected through property tax

Verb: To impose taxes, assessments or charges for support of governmental activities



Regular Levy Limitations

- Regular Levies are subject to various limitations:
 - Levy made by District
 - Statutory Dollar Rate Limit
 - Levy Limit (101%)
 - Amount Authorized by Resolution/Ordinance

Limits made by Districts



- Taxing Districts shall certify to the county legislative authority, budgets or estimates of the amounts to be raised through property taxation, except cities over 300,000 who may bypass the Council (RCW 84.52.020)

Statutory Dollar Rate Limit



- The Maximum statutory levy for a district is calculated by multiplying the maximum statutory rate by the district's assessed value divided by 1,000.
- Districts assessed value / 1,000 x statutory rate limit = Statutory dollar amount

Levy Limit (101%)

Taxing district levies are limited in growth to the lessor of 101% or the rate of inflation annually (based on the size of the district). The inflation metric used by the State Department of Revenue is the Implicit Price Deflator (IPD).

Cities with under 10,000 residents are not limited to the lessor of the 101% and IPD and are not required to pass a Substantial Need Ordinance in addition to their standard increase ordinance.

Each year's levy is based on the "highest amount that could have been lawfully levied since 1985"

Taxing Districts may increase their levy limit each year by up to 1%

The district will also receive additional amounts for "add-ons" such as new construction, increase in state assessed property, and annexations

1% Limitation to annual growth of the levy – Not Assessed Value Growth

Any increase over the previous year's levy must be passed by resolution/ordinance by the governing body of the district

New Construction



- New construction is the construction or alteration of any property for which a building permit was issued, or should have been issued, which results in an increase in the value of the property
- "Improvement" means any valuable change in or addition to real property, including subdivision or segregation of parcels of real property or the merger of parcels of real property
- Increases in the State Assessed Utility values are also considered new construction
- New Construction increases district revenues over and above their limit factor levy

Banked Capacity

- If the district took less than the maximum allowable increase, but adopted the appropriate Resolutions/Ordinances, they have “banked” or “unused” levy capacity that could be used in future years
- What is Banked Capacity?
- Banked capacity is the difference between the highest lawful levy that could have been made and the actual levy that was imposed less refunds
- Does Banked Capacity, guarantee the district will have the same amount or more the following years?
- Having banked capacity for one year does not guarantee the district will have the same amount or more the following years
- If a district wants to use its banked capacity, their resolution/ordinance must authorize the increase
- Future levy capacities for district who levied less than their highest lawful levy are protected under RCW 84.55.092

Assessor Responsibilities



DETERMINE THE
VALUE OF ALL
TAXABLE PROPERTY



PICK UP ALL NEW
CONSTRUCTION



SET LEVY AMOUNT



SET LEVY RATE



ENSURE LEVIES DO
NOT EXCEED LIMITS

Future Notable Dates

- October 14th, 2026– Budget Open House (6pm – 7:30pm)
- November 9th, 2026 – Final public hearing on proposed 2027 budget, will set property tax levy to KC Assessors Office and vote to approve budget
- November 16th, 2026 – Drafted 2026 Budget Amendments will be brought to Council
- December 14th, 2026 – 2026 Budget Amendments will be brought back to Council for approval

Questions?