



# City of Mercer Island

## Considerations for Funding Youth and Family Services

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**Deanna Gregory**  
Pacifica Law Group LLP

# Considerations for Funding Youth and Family Services



## Determine programs to be funded and amount of funding gap

		2021	2022
<b>Scenario #1</b>			
	School Counseling Program (7 Counselors)	\$667,836	\$685,628
<b>Scenario #2</b>			
	School Counseling Program	667,836	685,628
	Clinical Supervision	71,924	73,883
	Total	\$739,760	\$759,511
<b>Scenario #3</b>			
	School Counseling Program	667,836	685,628
	Clinical Supervision	71,924	73,883
	Add 0.50 FTE Geriatric Counselor	53,780	55,179
	Add 1.0 FTE Geriatric Counselor	107,561	110,359
	Total	\$901,101	\$ 925,050
<b>Scenario #4</b>			
	School Counseling Program	667,836	685,628
	Add 0.50 FTE Geriatric Counselor	53,780	55,179
	Add 1.0 FTE Geriatric Counselor	107,561	110,359
	Total	\$ 829,177	\$851,167

# Considerations for Funding Youth and Family Services



## Voter considerations

### Financial impact of measure\*

- Assumptions:
  - 2021 City Assessed Value of \$15,291,040,335
  - Scenario #1 (\$685,628)
    - Approximately \$5.17/month based on a median home value of \$1,393,000
  - Scenario #3 (\$925,050)
    - Approximately \$7.00/month based on a median home value of \$1,393,000

*\* Preliminary, subject to change. Actual results will vary depending on a variety of factors including assessed value and value of median home.*

# Considerations for Funding Youth and Family Services



Decision point	Levy lid lift considerations	Lift Option #1 (one time increase above 1% limit)	Lift Option #2 (multiple year increase above 1% limit for up to six years)
Are existing funds available for proposed purposes?	Supplanting restrictions	N/A	Apply to jurisdictions located in King County
Are needs immediate or progressive (increase over time?)	How many years to “lift” the 1% levy limit	<p>Levy lid is exceeded in first year only; subsequent levies may increase at 1% each year</p> <p>Depending on funding needs, may require a bigger “ask” in the first year</p>	<p>Levy lid is exceed for up to six successive years; after last “lift,” subsequent levies may increase at 1% each year</p> <p>Regular levy is increased by an index that allows increase to step up over time</p> <p>Triggers supplanting considerations</p>
Exempt certain qualifying seniors and persons with disabilities from paying incremental increase?	If yes, must be included in ballot title and approved by voters	Same treatment	Same treatment
After the levy lid is exceeded for either one year (Option #1) or multi-years (Option #2), how long does the City need revenue from the levy lid lift?	Benefit to the City can be permanent or temporary	Same treatment	Same treatment

# Background: Annual Increase Limitations



**Regular property taxes are limited by how much (the total amount to be collected) the taxing district can levy one year to the next**

- Taxing district with a population of over 10,000 may increase its total regular property tax amount by
  - 101% of the amount levied in the prior year or the rate of inflation, whichever is lower, plus
  - new construction and limited other additions
    - Eyman limit (Initiative 747 established a “101% levy limit”; Supreme Court struck down the initiative in 2007; State Legislature reinstated it)
- Impact is to restrict revenue growth year over year
- Limit is on the levy *amount* (total dollar amount levied); not levy *rate* (rate/\$1,000 of assessed value)
- 101% cap is referred to as the “levy lid”

# Background: “Lifting” the 101% Levy Lid



**A city can increase its regular property tax levy by drawing on banked regular levy capacity or seeking voter approval for a “levy lid lift”**

**If approved by the voters, a levy lid lift “lifts” or removes the 101% limit for either one year or up to six years, depending on the type of levy lid lift approved by the voters**

- Authorized in RCW 84.55.050 (see also WAC 458-19-045)
- Requires simple majority voter approval (50% plus one); no validation requirements
- Authorizes an increase in the city’s regular property tax (not an excess property tax levy)
  - Amount collected continues to be part of the city’s regular property tax levy and collections
  - Subject to constitutional and statutory rate limitations
  - Can be authorized for any city purpose or a specific purpose

# Levy Lid Lift Option 1: Single Year Lift



**Option 1 permits a city to increase its regular property tax levy above the 101% limit for one year**

**“One-Bump” increase**

**Regular property tax levy is increased above 101% in the first year only**

- Revenue can be used for any lawful governmental purpose
- Not required to state a purpose in the ballot
- Ballot measure must state the total regular property tax rate in the first year
- No supplanting restrictions
- Can be temporary or permanent

# Levy Lid Lift Option 2: Multiple Year Lift



**Option 2 permits a city to exceed the 101% limit in each year for up to six years**

**“Multi-year bump” increase**

**Regular property tax levy is increased above the 101% limit each year for up to six years**

- Can be used for any lawful governmental purpose
- Ballot measure must state the purpose
- Ballot measure must state the total regular property tax rate in the first year, and limit factor or index that will be used for subsequent years
- Supplanting restrictions apply to jurisdictions in King County
- Can be temporary or permanent

# Levy Lid Lift Process and Election Dates



## City Council adopts an election ordinance

- Ordinance includes background and reason/need for increase above levy limit
- Contains proposed ballot measure
- States which election the proposition will be considered by the voters
- Ordinance submitted to County before filing deadline

**Single-year lid lifts (temporary or permanent) may be submitted to voters at any special, primary, or general election**

**Multi-year lid lifts (temporary or permanent) may only be submitted at the primary or general election**

**Ballot measure may be submitted no more than 12 months before the tax will be imposed**

Election Date	Ordinance/Resolution Filing Deadline
April 27, 2021 (special)	February 26, 2021
August 3, 2021 (primary)	May 14, 2021
November 2, 2021 (general)	August 3, 2021
February 8, 2022 (special)	December 10, 2021

# Ballot Measure Requirements



## **Ballot title for levy lid lift follows format requirements applicable to local measures**

- Main sections
  - o Identification of the enacting legislative body;
  - o A statement of the subject matter (no more than 10 words long);
  - o A concise description of the measure (no more than 75 words long); and
  - o A question (essentially, whether or not the proposition should be approved).

## **Other general ballot requirements to keep in mind**

- For instance, single subject requirement

# Questions?

