

**CITY OF MERCER ISLAND
RESOLUTION NO. 1587**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON
MAKING A FINDING OF SUBSTANTIAL NEED TO SET THE LIMIT
FACTOR AT ONE HUNDRED AND ONE PERCENT FOR THE 2021
PROPERTY TAX LEVY.**

WHEREAS, the limit factor for annual property tax levies under RCW 84.55.010 is the lesser of 101% or 100% plus inflation of the highest levy of the most recent three years; and

WHEREAS, RCW 84.55.005(1) defines inflation for property tax purposes as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25th of the year before the taxes are payable; and

WHEREAS, the implicit price deflator is 0.60512%, which is less than 1%; and

WHEREAS, the preliminary 2021-2022 General Fund Budget was balanced assuming the 1.0 percent optional increase is taken in 2021 and 2022, and

WHEREAS, the Mercer Island City Council recognizes that significant deficits are projected in the Youth & Family Services Fund in 2021 and 2022, which will be temporarily balanced using one time funding from either the General Fund or the Contingency Fund, and

WHEREAS, many of the City's revenue-generating operations remain closed or significantly reduced due to the impacts of the COVID-19 global pandemic, and

WHEREAS, inflationary increases to salary costs range from 1.7% to 1.9% and benefit premium increases are estimated at 4.0%, and

WHEREAS, the COVID-19 global pandemic continues to impact local, State, and the National economy creating the risk of a nationwide recession which would negatively impact sales tax and business and occupation tax estimates, and

WHEREAS, RCW 84.55.0101 provides for use of a limit factor of 101%, rather than the lesser limit factor of 100.605%, with a finding of substantial need by a majority plus one of the City Council;

NOW, THEREFORE, BE IT RESOLVED BY THE MERCER ISLAND CITY COUNCIL AS FOLLOWS:

The Mercer Island City Council hereby finds that there is a substantial need under RCW 84.55.0101 to set the 2021 property tax levy limit factor at one hundred and one percent (101%).

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS REGULAR MEETING ON THE 17TH DAY OF NOVEMBER, 2020.

CITY OF MERCER ISLAND

Benson Wong, Mayor

ATTEST:

Deborah Estrada, City Clerk