TO: City Council

FROM: Troy Niemeyer, Finance Director

DATE: November 17, 2026

SUBJECT: Ordinance No. O2026-021, Ad Valorem for Regular Property Taxes for the Fiscal Year 2027

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1) Recommended Action:

Adopt Ordinance No. O2026-021, Ad Valorem for Regular Property Taxes for the Fiscal Year 2027.

This Ordinance was recommended for adoption on the consent calendar after holding a public hearing at the November 2, 2026, Council Meeting.

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2) Background:

Ordinance O2026-021 is necessary to certify the property tax levy for the City and, indirectly, also determine the property tax rate. An approved Ordinance must be forwarded to the Thurston County Assessor's Office, along with the levy certification, by November 30, 2026, in order to establish the tax levy for fiscal year 2027.

Washington State Statutes limit property tax increases to the lesser of one percent (1%) or the Implicit Price Deflator (as published by the Washington Department of Revenue). The latter is 3.876 percent.

A one percent increase over our actual 2026 levy amounts to $118,986. This does not include the County Assessor's consideration of any possible adjustments from successful challenges to assessed value, technical corrections in value, increases resulting from additional new construction, assessed utilities property value, or granting of exemptions per RCW 84.69.180. The 2027 property tax levy related to new construction is estimated to be $164,078 based on estimated new construction of $93,758,900. The levy rate will go from $1.75 to an estimated rate of $1.77 for 2027.

Since the valuations are not finalized, the 2027 levy is considered to be an estimate. The final assessed value is certified by the Thurston County Assessor and Washington State Department of Revenue in early January 2027.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not pass the Ordinance, maintain property taxes at the 2026 level, and bank the allowable levy increase.

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5) Fiscal Notes:

This ordinance authorizes Tumwater's 2027 property tax levy necessary to fund core government services.

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6) Attachments:

A. Attachment A – Ordinance No. O2026-021 Ad Valorem for Regular Property Taxes for the Fiscal Year 2027