

TO: City Council
FROM: Troy Niemeyer, Finance Director
DATE: November 3, 2025
SUBJECT: Ordinance No. O2025-016, Ad Valorem for Regular Property Taxes for the Fiscal Year 2026

1) Recommended Action:

Move Ordinance No. O2025-016, AN ORDINANCE of the City Council of the City of Tumwater, Washington, relating to finance and setting the amount fixed for the regular levy of property tax necessary to raise the amount of revenues for essential expenditures for the City of Tumwater for the fiscal year 2026, to the November 18, 2025, consent agenda for adoption.

2) Background:

Ordinance O2025-016 is necessary to certify the property tax levy for the City and, indirectly, to 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, 2025, to establish the tax levy for fiscal year 2026.

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 2.44 percent.

A one percent increase over our actual 2025 levy amounts to \$117,800. 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 2026 property tax levy related to new construction is estimated to be \$151,383 based on estimated new construction of \$86,504,950. The estimated levy rate for 2026 will be approximately the same as the 2025 levy rate of \$1.75.

Because the valuations are not finalized, the 2026 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 2025.

3) Policy Support:

- Strategic Goals and Priorities: Fiscally responsible and develop sustainable financial strategies.
 - Vision Mission Beliefs-Excellence: Efficient stewards of public resources, building public trust through transparency.
-

4) Alternatives:

- ☐ Do not pass the Ordinance, maintain property taxes at the 2024 level, and bank the allowable levy increase.

☐ Change the levy increase to something less than stated above.

5) Fiscal Notes:

This ordinance authorizes Tumwater's 2026 property tax levy necessary to fund core government services.

6) Attachments:

A. Exhibit A – Ordinance No. O2025-016 Ad Valorem for Regular Property Taxes for the Fiscal Year 2026