

TO: City Council  
FROM: Shelly Carter, Assistant Finance Director  
DATE: November 19, 2024  
SUBJECT: Ordinance No. O2024-006, Ad Valorem for Regular Property Taxes for the Fiscal Year 2025

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1) Recommended Action:

Adopt Ordinance No. O2024-006, AN ORDINANCE relating to tax revenue of the General Fund fixing the Ad Valorem for the regular property tax levy essential to pay expenditures of the City of Tumwater, Washington for the fiscal year ended December 31, 2025.

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2) Background:

Ordinance O2024-006 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, 2024, in order to establish the tax levy for fiscal year 2025.

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 2.57 percent.

A one percent increase over our actual 2024 levy amounts to \$116,643. 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 2025 property tax levy related to new construction is estimated to be \$183,300 based on estimated new construction of \$98,663,964. The levy rate will go from \$1.86 to an estimated rate of \$1.80 for 2025.

Since the valuations are not finalized, the 2025 levy is considered to be an estimate. When the final assessed value is determined by the Thurston County Assessor and Washington State Department of Revenue, the Finance Director may re-certify the tax amount to meet the \$3.10 limitation if necessary.

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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.
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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.

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5) Fiscal Notes:

This ordinance authorizes Tumwater's 2025 property tax levy necessary to fund core government services.

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6) Attachments:

- A. Exhibit A – Ordinance No. O2024-006 Ad Valorem for Regular Property Taxes for the Fiscal Year 2025