



Resolution No. R2019-28

2020 Property Tax Levy

Meeting:	Date:	Type of action:	Staff contact:
Board	11/21/2019	Final action	Tracy Butler, Chief Financial Officer Ann Sheridan, Budget Director, Finance Shahnaz Ghazi, Senior Financial Planner, Finance

Proposed action

Authorizes the following to allow for the collection of property taxes in 2020: (1) a 1.0 percent statutory increase in the property tax levy for 2020, (2) certifying the total property tax levy amount inclusive of levy increases per RCW 84.55.010, (3) the preparation of levy certification forms, and (4) the chief executive officer to execute all necessary contracts for collection and/or administration services.

Key features summary

- This action authorizes a statutory increase of 1.0 percent to the levy for 2020 (effective increase of 0.9% or \$1,361,970 over last year's actual levy inclusive of refunds) in accordance with RCW 84.55.010.
- Upon approval by the Board, Sound Transit will seek the statutorily allowable levy for 2020 by submitting a levy of \$155,500,000 to the assessor, which includes the statutory increase of 1.0 percent, plus \$3,562,767 for exempt increases per RCW 84.55.010, including new construction, improvements to property, increases in state-assessed property, increases in assessed value due to the construction of new renewal electric generation facilities, as well as annexations, levy corrections and prior year refunds. The levy rate is estimated to be \$0.20 per \$1,000 of assessed value.
- Annual collection of the statutorily allowable property tax levy is assumed in Sound Transit's long-range financial plan, and contributes to sufficient financial capacity to deliver and operate the regional transit system.
- This action also authorizes staff to prepare levy certification forms and submit them to King, Pierce, and Snohomish Counties by December 2, 2019, and authorizes the Board Administrator to take any actions deemed necessary or useful to implement this resolution.

Background

In June 2016, through Resolution No. R2016-17, the Board acted to place the Sound Transit 3 (ST3) plan on the November 8, 2016, general election ballot. The ST3 plan, placed on the ballot as Proposition 1, asked voters to approve certain local taxes to implement Sound Transit 3 in parts of King, Pierce, and Snohomish Counties. Funding would be utilized to continue developing regional high capacity transit by expanding Link light rail, Sounder commuter rail, and Stride bus rapid transit, and by continuing interim ST Express bus service to connect the region's population, employment, and growth centers.

Proposition 1 included a property tax to be levied at a rate up to twenty-five cents (\$0.25) per \$1,000 of assessed value. On November 29, 2016, election officials certified that a majority of the votes cast in the November 8, 2016, general election approved Proposition 1 to implement ST3.

Based on voter approval of ST3, Section 1 of Resolution No. R2016-29 levied a regular property tax on property within the Central Puget Sound Regional Transit Authority Boundary, as set forth in Resolution No. R2016-17, at a rate of \$0.25 per \$1,000 of assessed value for the 2017 tax year, and a property tax budget of \$150,000,000. The final levy of \$141,376,225 was based on assessed value of \$565,504,900,891, and a rate of \$0.25 per \$1,000 of assessed value.

In 2017, by Resolution No. R2017-41, the Board authorized a 2018 levy of \$150,000,000 based on preliminary assessed valuation for the district. The final levy of \$145,845,096 was based on assessed value of \$641,206,638,784, and a rate of \$0.227 per \$1,000 of assessed value.

In 2018, by Resolution No. R2018-47, the Board authorized a 2019 levy of \$151,500,000 based on preliminary assessed valuation for the district. The final levy of \$150,575,263 was based on assessed value of \$727,386,289,152, and a rate of \$0.207 per \$1,000 of assessed value.

Fiscal information

Sound Transit is a joint taxing district covering portions of three counties. King County, as the county with the highest assessed value and location of Sound Transit's head office, is charged with calculating Sound Transit's levy and assessed value, in conjunction with Pierce and Snohomish Counties.

The proposed 2020 revenue budget is \$2.5 billion and the proposed 2020 expenses and outlays are budgeted at \$3.1 billion. Property taxes represent 6 percent of the proposed 2020 revenue budget. Sound Transit will submit a 2020 levy of \$155,500,000 to the assessor, which includes the statutory 1.0 percent increase (effective increase of 0.9% or \$1,361,970 over last year's actual levy inclusive of refunds) and \$3,562,767 for exempt increases per RCW 84.55.010, including new construction, improvements to property, increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, increases in state-assessed property, as well as annexations, levy corrections, and prior year refunds. The preliminary district assessed valuation is \$778,215,180,290 as of October 23, 2019.

The assessor will certify the final assessed value and levy in January or February 2020. The 2020 levy rate is estimated to be \$0.20 per \$1,000 of assessed value, lower than the 2019 levy rate of \$0.207 per \$1,000 of assessed value, and the statutory levy limit of \$0.25 per \$1,000 of assessed value, due to the growth in district's assessed valuation and statutory levy limits.

Under Washington law, levy increases including those arising from new construction, improvements to property, increases in state assessed property, increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, and increases in the assessed value of state-assessed property are exempt from the statutory 1% increase cap. The Board may, but has not, delegated its authority to levy these exempt increases without direct action. If the Board declines to authorize this resolution, then the 2020 levy would be constrained to the 2019 levy amount of \$150,575,263, resulting in an estimated loss of \$4,924,737 for the tax year 2020, as well as the more significant and permanent reduction in the levy base as included in the long range financial plan projections, with an estimated fiscal impact of \$206,000,000 through 2041.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

A public hearing was held on the Proposed 2020 Budget and Property Tax Levy on November 14, 2019.

Time constraints

The levy certification form authorized by the Board must be submitted to King County by December 2, 2019, in order to begin collecting the proposed 2020 property taxes.

Prior Board/Committee actions

Resolution No. R2019-11: Amended Sound Transit's existing legal boundary description to include annexations to the City of Renton and clarifies certain boundary references.

Resolution No. R2018-47: Authorized the following to allow for the collection of property taxes in 2019: (1) a 0.98 percent increase in the regular property tax levy for 2019, (2) the preparation of levy certification forms, and (3) the chief executive officer to contract for any necessary contracts for tax collection and/or administration services.

Resolution No. R2017-41: Authorized the following to allow for the collection of property taxes in 2018: (1) a 1.0 percent increase in the regular property tax levy for 2018, (2) the preparation of levy certification forms, and (3) the chief executive officer to contract for any necessary contracts for tax collection and/or administration services.

Resolution No. R2016-29: Fixed, levied, and imposed a twenty-five cents (\$0.25) per \$1,000 of assessed valuation property tax as authorized by the voters during the November 8, 2016, general election, authorizing the preparation of the levy certification, and authorizing the chief executive officer to contract for tax collection and administration services.

Environmental review – KH 11/15/2019

Legal review – MT 11/15/2019



Resolution No. R2019-28

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing (1) a 1.0 percent statutory increase in the property tax levy for 2020, (2) certifying the total property tax levy amount inclusive of levy increases per RCW 84.55.010, (3) the preparation of the levy certification forms, and (4) the chief executive officer to execute any necessary contracts for tax collection and/or administration services.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, Sound Transit's actual allowable levy amount from the 2019 tax year was \$150,575,263 including prior year refunds of \$162,386 and levy correction of \$21,176; and

WHEREAS, the Sound Transit Board is considering the Proposed 2020 Budget and held a public hearing on November 14, 2019; and

WHEREAS, after considering all of the relevant information, the Sound Transit Board has determined an increase to the regular property tax levy is necessary to generate sufficient funds to continue implementation of the Sound Transit 3 Regional Transit Plan for Central Puget Sound (ST3 Plan), which was approved by voters on November 8, 2016;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that


Section 1. A 1.0 percent statutory increase to the regular property tax levy is hereby authorized for the levy to be collected in the 2020 tax year. The dollar amount of the statutory increase applied to the levy over the actual levy amount from the previous year shall be \$1,361,970 which is a percentage increase of 0.90 percent.

Section 2. The total property tax levy for 2020 is currently estimated to be \$155,500,000 inclusive of the 1.0 percent statutory increase, plus \$3,562,767 for estimated revenue from new construction, improvements to property, increases in assessed value due to newly constructed wind turbine, solar, biomass, and geothermal facilities, any increase in the assessed value of state-assessed property, annexations, levy corrections, and prior year refunds.

Section 3. The Board Administrator is hereby authorized to prepare any required levy certification forms and submit them to King, Pierce, and Snohomish Counties.

Section 4. The Board authorizes the chief executive officer to take any actions deemed necessary or useful to implement this Resolution, including, but not limited to, the execution of any necessary contracts for tax collection and/or administration services.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 21, 2019.



John Marchione
Board Chair

Attest:



Kathryn Flores
Board Administrator