

2021 Property Tax Levy

Board Meeting

11/19/2020

Why we are here

- Request Board approval of the proposed actions related to 2021 property tax levy:
 1. Declaration of Substantial Need.
 2. Levy Increase of 1%.

Proposed Action 1: Declaration of Substantial Need

- There is insufficient revenues in 2021 to cover expenditures; \$826M will be drawn from cash reserve and TIFIA loan.
- The capital program is unaffordable based on current projections with \$6.1 billion loss in revenues.

Proposed Action 1: Declaration of Substantial Need (continued)

- *IPD is 0.6%, below 1% for 2021*
- *Declaration of Substantial Need raises levy increase for 2021 from 0.6% to 1%*
- *Passing declaration **does not** mandate 1% increase in 2021 levy*
- *It preserves long term levy capacity and protects agency's right to collect maximum allowed property tax levy now or in the future*

2021 Property Tax Levy Increase– 3 options

Option 1: 1% statutory allowed Levy increase (\$1.5M): the IPD rate of 0.6%, plus substantial need increase of 0.4%; *requires Declaration of Substantial Need.*

Option 2: 0.6% Levy increase at IPD rate (\$0.9M), bank 0.4% capacity with Declaration of Substantial Need.

Option 3 : Approves 0% increase in 2021, bank 1% capacity (with Declaration of Substantial Need) or 0.6% (without Declaration of Substantial Need)

Levy Options & Revenue Impacts

ST3 plan assumes 1% annual property tax increase, any levy increase less than 1% lowers property tax revenue projections in the financial plan.

2021 Property Tax Levy Increase	2021-2041 Revenue Loss w/ Substantial need (\$M)	2021-2041 Revenue Loss w/out Substantial Need (\$M)
<u>Proposed Action: Option 1:</u> Approves 1% levy increase	\$0.0	NA
<u>Option 2:</u> Approves 0.6% Levy increase	(\$0.6)	(\$14.2)
<u>Option 3:</u> Approves 0% Levy increase	(\$1.5)	(\$15.1)

Proposed Action 2: 1% Property Tax Levy increase in 2021

- There is insufficient revenue to fund expenditures in 2021 and in the long range financial plan.
- The voters approved plan assumes 1% annual property tax increase, any levy increase less than 1% lowers tax revenue projections in the financial plan.
- Annual cost inflation is significantly higher than the 1% revenue increase.

Proposed Action 2: 1% Property tax levy increase - \$161M total property tax in 2021

Levy Basis for 2021	\$154.6
1% Proposed Levy Increase*	\$1.5
Increase from new construction, utility, refunds, etc that does not require Board action	\$4.8
<hr/> Total 2021 Property Tax Levy**	<hr/> \$161.0

* Levy increase over the 2020 actual levy (inclusive of refunds) is estimated to be \$1.3M.

** Numbers may not add correctly due to rounding.

Thank you.



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