



## Resolution No. R2023-36

### 2024 Property Tax Levy

Meeting:	Date:	Type of action:	Staff contact:
Board	11/16/2023	Not considered	John Henry, Chief Financial Officer
Board Special Meeting	11/22/2023	Final action	<b>Ryan Fisher, Deputy Executive Director FPA &amp; Budget, Finance</b> <b>Stephanie Ball, Director FPA, Finance</b>

### Proposed action

(1) Authorizes a 1.0 percent statutory increase in the property tax levy for 2024, (2) certifies the total property tax levy amount inclusive of levy increases per RCW 84.55.010, and (3) authorizes the preparation of the levy certification forms.

### Key features summary

- This action authorizes a statutory increase of 1.0 percent to the levy for 2024 in accordance with RCW 84.55.010 (effective increase of 0.71% or \$1,193,359 over last year's actual levy inclusive of refunds) per preliminary King County Assessor data as of October 16, 2023.
- Upon Board approval of this resolution, Sound Transit will seek the statutorily maximum allowable levy for 2024 by submitting a levy of \$172,000,000 to the King County Assessor, which includes the statutory increase of 1.0%, plus \$3,498,220 for estimated 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 \$0.167 per \$1,000 of assessed value, based on preliminary King County Assessor data as of October 19, 2023.
- 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 November 30, 2023, 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 2022, by Resolution No. R2022-34, the Board authorized a 2023 levy of \$170,000,000 based on preliminary assessed valuation for the district. The final levy of \$167,308,421 including prior year refunds of \$470,994 and court ordered refunds of \$3,982 was based on assessed value of \$1,074,132,413,169, and a rate of \$0.156 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 2024 revenue & other financing sources (excluding TIFIA loan proceeds) are budgeted at \$2.8 billion and the proposed 2024 expenses and outlays are budgeted at \$3.0 billion. Property taxes represent 6.1% of the proposed 2024 revenue & other financing sources budget. Sound Transit will submit a 2024 levy of \$172,000,000 to the assessor, which includes the statutory increase of 1.0%. The effective increase is estimated to be 0.71% or \$1,193,359 over last year's actual levy inclusive of refunds. The 2024 levy also includes \$3,498,220 for estimated 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 \$1,023,848,602,568 as of October 19, 2023.

The assessor will certify the final assessed value and levy by January 2024. The 2024 levy rate is currently estimated to be \$0.167 per \$1,000 of assessed value, higher than the 2023 levy rate of \$0.156 per \$1,000 of assessed value, and the statutory levy limit of \$0.25 per \$1,000 of assessed value, due to the decrease in the district's assessed valuation. If the Board declines to authorize this resolution, then the revenue loss in 2024 is estimated to be \$1.7 million. However, there is a more significant and permanent reduction in the levy base as included in the long-range financial plan projections with an estimated revenue loss through 2046 of \$49.9 million.

## **Disadvantaged and small business participation**

Not applicable to this action.

## **Public involvement**

A public hearing was held on the Proposed 2024 Budget and Property Tax Levy on November 2, 2023.

## **Time constraints**

Pursuant to RCW 84.52.020, the levy certification form authorized by the Board must be submitted to King, Pierce, and Snohomish Counties by November 30, 2023.

## **Prior Board/Committee actions**

Resolution No. R2022-34: (1) Authorized a 1.0 percent statutory increase in the property tax levy for 2023, (2) certified the total property tax levy amount inclusive of levy increases per RCW 84.55.010, and (3) authorized the preparation of the levy certification forms.

Resolution No. R2021-02: Amended Sound Transit's existing legal boundary description to include an annexation to the City of Everett.

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.

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**Environmental review** – KH 11/6/23

**Legal review** – MT 11/3/23



## Resolution No. R2023-36

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority (1) authorizing a 1.0 percent statutory increase in the property tax levy for 2024, (2) certifying the total property tax levy amount inclusive of levy increases per RCW 84.55.010, and (3) authorizing the preparation of the levy certification forms.

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 2023 tax year was \$167,308,421 including prior year refunds of \$470,994 and court ordered refunds of \$3,982; and based on assessed value of \$1,074,132,413,169, and a rate of \$0.156 per \$1,000 of assessed value.

WHEREAS, the Sound Transit Board is considering the Proposed 2024 Budget and held a public hearing on the proposed budget and property tax levy November 2, 2023; and

WHEREAS, after considering all of the relevant information, the Sound Transit Board has determined an increase to the 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;

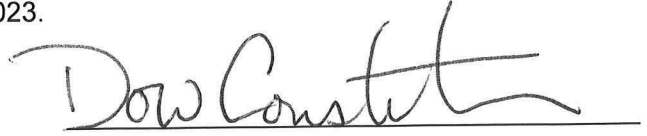
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

Section 1. A 1.0 percent statutory increase to the property tax levy is hereby authorized for the levy to be collected in the 2024 tax year. The dollar amount of the statutory increase applied to the levy over the actual levy amount from the previous year inclusive of refunds is estimated to be \$1,193,359 which is a percentage increase of 0.71 percent, based on preliminary King County Assessor data as of October 19, 2023.

Section 2. The total property tax levy for 2024 is currently estimated to be \$172,000,000 inclusive of the 1.0 percent statutory increase, plus \$3,498,220 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.

ADOPTED by a super majority of the Board of the Central Puget Sound Regional Transit Authority at a special meeting thereof held on November 22, 2023.

A handwritten signature in black ink that reads "Dow Constantine". The signature is written in a cursive style and is positioned above a horizontal line.

Dow Constantine  
Board Chair

**Attest:**

A handwritten signature in blue ink that reads "Kathryn Flores". The signature is written in a cursive style and is positioned above a horizontal line.

Kathryn Flores  
Board Administrator