

RESOLUTION NO. R2018-47
2019 Property Tax Levy

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	11/15/2018	Final Action	Tracy Butler, Executive Director Finance and Information Technology Kelly Priestley, Deputy Executive Director Accounting, Records Management and Tax Administration

PROPOSED ACTION

Authorizes 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.

KEY FEATURES SUMMARY

- This action authorizes an increase of 0.98 percent to the regular property tax levy to be collected in the 2019 tax year to fund the voter approved projects and programs, in accordance with RCW 84.55.120.
- If this action is approved by the Board, Sound Transit will seek the maximum allowable levy for 2019 by submitting a 2019 property tax budget of \$151,500,000 to the assessor, which includes the statutory 0.98 percent increase of \$1,435,886 over the previous year actual levy, and \$4,219,018 for estimated new construction, changes in utility values, levy correction, and prior year refunds.
- Annual collection of the maximum allowable property tax levy is assumed in Sound Transit's financial plan and ensures 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 3, 2018, and authorizes the chief executive officer 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 to continue developing regional High Capacity Transit corridors and services by expanding Link light rail, Sounder commuter rail, and bus rapid transit, and by continuing interim ST Express bus service to connect the region's population, employment, and growth centers.

Proposition 1 included additional local taxes, including a property tax of up to twenty-five cents (\$0.25) per \$1,000 of assessed valuation property tax. 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 against the property within the Central Puget Sound Regional Transit Authority Boundary, as set forth in Resolution No. R2016-17, at a rate of twenty-five cents (\$0.25) per \$1,000 of assessed valuation for the year 2017.

In 2017, through Resolution No. R2017-41, the Board authorized a property tax budget of \$150,000,000 for the 2018 tax year based on the amount authorized in ST3 and the assessed property valuations for the district. The final levy for Sound Transit was based on \$641,206,638,784 of assessed value for a total levy amount in 2018 of \$145,845,096, including refunds.

FISCAL INFORMATION

Sound Transit is a joint taxing district as it exists in two or more 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 valuation in conjunction with Pierce and Snohomish Counties.

The proposed 2019 revenue budget is \$2.4 billion and the proposed 2019 expenses and outlays are budgeted at \$2.9 billion. Property taxes represent 6 percent of the proposed 2019 revenue budget. Sound Transit will submit a 2019 property tax budget of \$151,500,000 to the assessor, which includes the statutory 0.98 percent increase of \$1,435,886 and \$4,219,018 for estimated new construction, changes in utility values, levy corrections, and prior year refunds. The preliminary district assessed value is \$725,126,899,381 as of October 15, 2018.

The assessor will not certify the final assessed value and levy until January or February 2019. The final levy rate will be lower than Sound Transit's maximum statutory rate of \$0.25 per \$1,000 assessed valuation due to the growth in district's assessed valuation and statutory levy limits.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action

PUBLIC INVOLVEMENT

The Proposed 2019 Budget and Property Tax Levy were presented at a public hearing on November 1, 2018.

TIME CONSTRAINTS

The levy certification form authorized by the Board must be submitted to King County by December 3, 2018, in order to begin collecting property taxes in 2019.

PRIOR BOARD/COMMITTEE ACTIONS

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.

Resolution No. R2009-06: Exempted the sale of lodging from the additional five-tenths of one percent sales and use tax imposed by Resolution No. R2008-15 to the extent required by RCW 82.14.410.

Resolution No. R2008-15: Imposed an additional five-tenths of one percent sales and use tax; applied existing approved taxes to implement the Sound Transit 2 Regional Transit System Plan "A Mass Transit Guide" and the Sound Move Regional Transit System Plan as authorized by a vote of the electorate; and authorized the chief executive officer to contract with the State of Washington for tax collection and administration.

Resolution No. 82: Imposed taxes authorized pursuant to a vote of the electorate to implement the Ten-Year Regional Transit Plan; levying, fixing, and imposing a motor vehicle excise tax, a retail sales and use tax, and a sales and use tax on retail rental cars, all for the sole purpose of providing high capacity transportation services through implementation of the Ten-Year Regional Transit Plan; and authorized the Executive Director to enter into contracts with the state for tax collection and administration.

ENVIRONMENTAL REVIEW

KH 11/09/18

LEGAL REVIEW

AP 11/09/18

RESOLUTION NO. R2018-47

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing (1) a 0.98 percent increase in the regular property tax levy for 2019, (2) the preparation of the levy certification forms, and (3) the chief executive officer to contract for 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 levy amount from the 2018 tax year was \$145,845,096 including prior year refunds of \$22,342;

WHEREAS, the Sound Transit Board is considering the Proposed 2019 Budget and held a public hearing on November 1, 2018; 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. An increase to the regular property tax levy is hereby authorized for the levy to be collected in the 2019 tax year. The dollar amount of the increase over the actual levy amount from the previous year (with refunds) shall be \$1,435,886 which is a percentage increase of 0.98 percent from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, along with any increase in the value of state assessed property. The total property tax levy for 2019 is currently estimated to be \$151,500,000 inclusive of the 0.98 percent increase, estimated revenue from new construction and any prior year refunds or levy corrections.

Section 2. The Board Administrator is hereby authorized to prepare any required levy certification forms and submit them to King, Pierce, and Snohomish Counties.

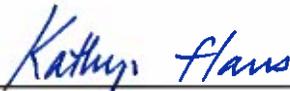
Section 3. The Board authorizes the chief executive officer to take any actions deemed necessary or useful to implement this Resolution, including, but not limited to, the execution of any necessary contracts for tax collection and/or administration services.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 15, 2018.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator