Resolution/Ordinance Procedures for Increasing Property Tax Revenue

AUGUST 2010

Taxing Districts with a Population of Less Than 10,000

- By adopting a resolution/ordinance, the district is allowed to increase its budget by up to one percent from the highest lawful levy since 1985.
- The resolution/ordinance must specifically state the increase (not the budget amount) in terms of both dollars and percentage.
- It may cover a period of up to two years, but it must specifically state for each year the dollar and percentage change from the previous year.
- Prior to the resolution's/ordinance's adoption, each taxing district must hold a public hearing to discuss the following year's current expense budget. The hearing must include discussion on the possibility of an increase in property tax revenues.
- The governing board of the taxing district must approve the resolution/ordinance by a majority vote of the board.
- Send a copy of the resolution to the County Assessor.

Taxing Districts with a Population of 10,000 or More

- By adopting a resolution/ordinance, the district is allowed to increase its budget by up to the Implicit Price Deflator (IPD) or one percent, whichever is lower, from the highest lawful levy since 1985. The resolution/ordinance must be approved by a majority of the governing board.
- In the case that the IPD is less than one percent, to raise the levy to one percent or to bank excess levy capacity, a second resolution/ordinance must be adopted.
- If the governing board has four members or less, the resolution/ordinance must be approved by two-thirds of the board. If the board has more than four members, a majority plus one vote is required.
- The first resolution/ordinance must specifically state the increase in terms of both dollars and percentage. The second must state the substantial need and the percentage increase.
- The first resolution may cover a period of up to two years, but it must specifically state for each year the dollar and percentage change from the previous year.
- Prior to the resolution's/ordinance's adoption, each taxing district must hold a public hearing to discuss the following year's current expense budget. The hearing must include discussion on the possibility of an increase in property tax revenues.
- Send a copy of both (if applicable) resolutions/ordinances to the County Assessor.

General Budget Procedures

Requirements for Budget Certification

- Each taxing district is required to hold a public hearing on revenue sources for the district's following year's current expense budget prior to the time the taxing district levies the taxes or makes the request to have the taxes levied.
- Each governing board's chair, clerk, or secretary must file the certified budget or estimate with the clerk of the county's governing board on or before November 30th.

Other Important Information

- November 30th is the last day for the County Legislative Authority to certify to the County Assessor the amount of taxes levied for county purposes and the amount of taxes levied for each taxing district. If a district's budget has not been certified by this date, the district may lose its ability to increase its budget from the previous year (RCW 84.52.070).
- Any other taxing district authorized to levy directly must certify to the County Assessor the amount of taxes levied by November 30th (RCW 84.52.070).

Example Resolution #1

Taxing district with a population less than 10,000

Amount levied in preceding year: $200,000

Current budget certification: $250,000

The following resolution/ordinance must be passed by a majority of the district's governing board:

Whereas, the Board of Commissioners of _____ Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, determined that _____ Taxing District requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the district and in its best interest; now therefore, be it Resolved, by the Board of Commissioners of _____ Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of state assessed property, is hereby authorized for the _____ levy in the amount of $2,000 which is a percentage increase of 1 percent** from the previous year.*

*Note, the increase is stated, not the budget amount.

**The percentage could be zero or greater than 1 percent if the district is using their banked levy capacity.

Adoption of this type of resolution for a county with a population less than 10,000 will allow the taxing district to increase its levy by 1 percent, which is the maximum authorized since the passage of I-747.
If the resolution states 0 percent, the district will be allowed to bank the excess levying capacity. Without the resolution, the district cannot bank excess levying capacity.

Example Resolution #2

Taxing district with a population greater than 10,000

Amount levied in preceding year: $500,000

Implicit Price Deflator (IPD): .85 percent

Current budget certification: $600,400

The following resolution/ordinances must be passed by a majority of the district's governing board to increase the levy by the IPD:

*Whereas, the Board of Commissioners of _____ Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, determined that _____ Taxing District requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the district and in its best interest; now therefore, be it Resolved, by the Board of Commissioners of _____ Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of state assessed property, is hereby authorized for the _____ levy in the amount of $4,250 * which is a percentage increase of .85 percent from the previous year.*

*The increase is stated, not the budget amount.

Because the IPD is less than 1 percent, a second resolution needs to be passed in order to bank the excess capacity or to levy the full 1 percent. Without a second resolution, the district may only increase its levy by the IPD, which is .85 percent in this example. If the IPD were 1 percent or greater, a second resolution would not be needed because the maximum increase is 1 percent. A resolution showing substantial need must be passed by a super-majority of the governing board:

Whereas, the Board of Commissioners of _____ Taxing District, has determined that, due to _____ (substantial need) the Board of commissioners finds that there is a need to increase the regular property tax limit factor above the rate of inflation. Now, therefore, be it resolved by the Board of Commissioners of _____ Taxing District that the limit factor for the tax year _____ shall be _____ percent.

Note, only the percentage is needed in the second resolution.