



CITY OF SEDRO-WOOLLEY
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City Council and Mayor,

Below are responses to questions regarding property tax budgeted levy recommendations.

- Does the 2022 banked capacity continue to carry forward if the Council elects the 1% growth for 2023 but not the banked capacity? If so, how?
 - For 2022, the Council elected not to take the 1% increase (or implicit price deflator) totaling \$12,425. This amount was not levied in 2022. If the Council elects not to take the bank capacity in 2023, YES, it may still be levied in future years. As an example, the Council could approve the \$12,425 banked capacity for 2026. However, the City would have missed the opportunity to collect \$37,275 (\$12,425 x 3 years).

- What is the projected revenue of allowing 1% revenue growth in the levy over the next 5 years?
 - The tables below show property tax estimates from 2023 to 2027 with and without the annual 1% increase. At the end of 2027 the City would have missed the opportunity to collect \$530,762 in property tax revenue.
 - New construction is an estimate, this amount can vary significantly based on construction activity and the economy.

5 Year Property Tax Forecast - Annual 1% Increase

| Description | 2023 | 2024 | 2025 | 2026 | 2027 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Prior year levy | 2,948,079 | 3,099,824 | 3,155,947 | 3,212,506 | 3,269,631 |
| Exemptions (RCW 84.36.381) | 29,769 | 29,769 | 30,067 | 30,367 | 30,671 |
| Banked capacity from 2023 | 12,425 | - | - | | |
| 1% of prior year | 29,903 | 31,420 | 31,860 | 32,429 | 33,003 |
| Estimated new construction | 109,417 | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Levy | 3,129,593 | 3,186,013 | 3,242,873 | 3,300,302 | 3,358,305 |

5 Year Property Tax Forecast - NO 1% Increase

| Description | 2023 | 2024 | 2025 | 2026 | 2027 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Prior year levy | 2,948,079 | 3,057,496 | 3,082,496 | 3,107,496 | 3,132,496 |
| Exemptions (RCW 84.36.381) | 29,769 | 29,769 | 29,769 | 29,769 | 29,769 |
| Banked capacity from 2023 | - | - | - | | |
| 1% of prior year | - | - | - | - | - |
| Estimated new construction | 109,417 | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Levy | 3,087,265 | 3,112,265 | 3,137,265 | 3,162,265 | 3,187,265 |

| | | | | | |
|------------------------------|---------------|----------------|----------------|----------------|----------------|
| Difference | 42,328 | 73,748 | 105,608 | 138,037 | 171,040 |
| Cumulative Difference | 42,328 | 116,076 | 221,685 | 359,722 | 530,762 |

- How much more a year would the average homeowner would pay if the 1% tax is passed by Council?
 - The amount varies from home to home, in the three examples below between \$7.59 and \$15.43 annually.

| 2023 - NO 1% + NO Banked | | | | 2023 - With 1% + NO Banked | | | |
|--------------------------|---------------------|-----------------------|----------------------|----------------------------|-----------------------|----------------------|------------|
| Address | 2023 Assessed Value | City's Estimated Rate | City's Estimated Tax | 2023 Assessed Value | City's Estimated Rate | City's Estimated Tax | Difference |
| 802 Bennett Street | 307,000 | 1.78572014 | 548.22 | 307,000 | 1.8032 | 554 | 5.36 |
| 337 Helen Street | 447,200 | 1.78572014 | 798.57 | 447,200 | 1.8032 | 806 | 7.81 |
| 305 Longtime Lane | 624,100 | 1.78572014 | 1,114.47 | 624,100 | 1.8032 | 1,125 | 10.90 |

| 2023 - With 1% + Banked | | | | | |
|-------------------------|-----------------------|----------------------|---------------------------------|-------------------|--------------------|
| 2023 Assessed Value | City's Estimated Rate | City's Estimated Tax | Difference No Banked and Banked | Annual Difference | Monthly Difference |
| 307,000 | 1.8104 | 556 | 2.23 | 7.59 | 0.63 |
| 447,200 | 1.8104 | 810 | 3.25 | 11.06 | 0.92 |
| 624,100 | 1.8104 | 1,130 | 4.53 | 15.43 | 1.29 |