

STAFF REPORT NO. 165-09

TO: Mayor and City Council
FROM: Pat McDonnell, City Manager

DATE: 11/23/09
12/7/09

Subject: Ad valorem taxes for 2010.

Objective: To provide continued funding for the 2009- 2010 Biennial Budget.

Present Situation: Pursuant to RCW 35A.33.135, Council must approve an ordinance to fix and authorize the Clark County Assessor's Office to levy ad valorem taxes necessary to balance the estimated revenue and expenditures for the City of Vancouver's 2009-2010 Biennial Budget.

Staff currently estimates the 2010 real and personal property tax levy as \$40.1 million, which includes a preliminary estimate of \$362,094 in property tax revenue from new construction. The estimate of property tax from new construction will be updated based on the final new construction valuation provided by the Assessor's Office. The estimate of property tax revenue does not include the change in value of state-assessed utility property. Both of these amounts will not be final until late November 2009. The County Assessor's Office has recommended to City staff that Council approve ad valorem taxes in the amount of \$40.1 million, which is needed to balance the City's 2009-2010 biennial budget. By approving ad valorem taxes of \$40.1 million, this allows the County Assessor's Office to levy real and personal property taxes to the full extent allowed under Washington State law. Staff anticipates that the final certified levy will be between \$39.7 million and \$39.9 million in 2010. If Council authorizes the ad valorem tax amount too low, the County Assessor's Office will only be allowed to levy up to the amount authorized by Council.

Staff recommends that City Council approve ad valorem taxes in the amount of \$40.1 million for the 2010 real and personal property tax levy within the city limits of Vancouver. This estimated revenue source is necessary to balance the 2009-2010 Biennial Budget for the City of Vancouver.

Advantage(s): Ad valorem taxes provide continued funding from the City's primary revenue source, which is necessary to balance the 2009-2010 Biennial Budget.

Disadvantage(s): Ad valorem taxes increase; however, the increase is small and the specific impact on a property owner is dependent on the change in their assessed value.

Action Requested:

1. On November 23, 2009, approve ordinance on first reading, setting the date of second reading and public hearing for December 7, 2009.
2. On December 7, 2009, subject to second reading and public hearing, approve the ordinance.

Attachment: Ordinance

C9110902/PM:CL:MW