

CITY OF MAPLE VALLEY, WASHINGTON

RESOLUTION NO. R-16-1118

**A RESOLUTION OF THE CITY OF MAPLE VALLEY, WASHINGTON,  
DECLARING A FINDING OF SUBSTANTIAL NEED RELATING TO THE  
CITY OF MAPLE VALLEY PROPERTY TAX LEVY, COMMENCING  
JANUARY 1, 2017, ON ALL PROPERTY, BOTH REAL AND PERSONAL,  
IN COMPLIANCE WITH RCW 84.55.120**

WHEREAS, RCW 84.55.010 generally limits the levy for a taxing district in any year so that the regular property taxes payable in the following year do not exceed the *limit factor* multiplied by the amount of regular property taxes lawfully levied for the previous year; and

WHEREAS, RCW 84.55.010 allows the levy of an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from new construction and a few other sources; and

WHEREAS, RCW 84.55.005(2)(c) defines “limit factor” as the lesser of one hundred one percent or one hundred percent plus *inflation*; and

WHEREAS, RCW 84.55.005(1) defines “inflation” as the percentage change in the implicit price deflator (IPD) for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable; and

WHEREAS, these provisions, taken together, generally limit property tax levy increases by local governments to the lesser of 1% or the rate of inflation nationally; and

WHEREAS, notwithstanding the existence of an inflation rate under 1%, RCW 84.55.0101 allows cities to increase the levy by the full 1% (limit factor of one hundred one percent) by adopting a resolution of *substantial need*; and

WHEREAS, “substantial need” is not defined in the statute; and

WHEREAS, RCW 84.55.0101 requires approval of a substantial need resolution by at least five council members; and

WHEREAS, on September 25, 2016, the Bureau of Economic Analysis published the IPD for personal consumption expenses, resulting in an inflation rate to be used for 2017 of 0.953%; and

WHEREAS, most of the city’s 2017 preliminary budget work had already been completed by September 25, 2016, assuming a property tax levy rate increase of 1%; and

WHEREAS, this is only the fourth time since 1998 that the inflation rate has fallen below 1%; and

WHEREAS, given this low national rate of inflation, this resolution of substantial need is required to be able to use a property tax levy limit factor of one hundred one percent (a 1% increase); and

WHEREAS, according to the US Department of Labor, Bureau of Labor Statistics, the annual CPI-U for the Seattle-Tacoma-Bremerton area as of August 2016 was 2.1%, which seems to indicate that local inflation is higher than the national rate of 0.953%; and

WHEREAS, the city has previously committed to pay cost of living adjustments to many of its employees based on the August to August CPI-W of 2.0%; and

WHEREAS, property taxes are one of the city's most predictable forms of revenue, particularly when compared to sales tax which can fluctuate significantly with the state of the economy; and

WHEREAS, property taxes are used to maintain the quality of various services for which the city pays including, but not limited to, police and fire services, parks and recreation services, street maintenance services, services that support development activity, and services that are required under state law like public records act compliance; and

WHEREAS, the above recital clauses constitute the findings of the city council that there is substantial need to levy property taxes using a limit factor of one hundred one percent and the city council desires to do the same; and,

WHEREAS, the City of Maple Valley has properly given notice of a public hearing, held on November 28, 2016, pursuant to RCW 84.55.120; and, now therefore,

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MAPLE VALLEY, WASHINGTON, DO RESOLVE AS FOLLOWS:**

Section 1. Pursuant to the foregoing finding of substantial need and pursuant to RCW 84.55.0101, the city council desires to increase to the City of Maple Valley 2016 regular property tax levy by a limit factor of one hundred one percent.

Section 2. The city clerk is hereby directed to send a certified copy of this resolution to the King County assessor's office.

PASSED BY THE CITY COUNCIL AT THE REGULAR BUSINESS MEETING THIS 28<sup>th</sup> DAY OF NOVEMBER 2016.

CITY OF MAPLE VALLEY

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Sean P. Kelly, Mayor

ATTEST/AUTHENTICATED:

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Shaunna Lee-Rice, City Clerk

Approved as to form:

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Patricia Taraday, City Attorney