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2021-2022 Budget Highlights

How the City's operations are funded in the
2021-2022 Adopted Biennial Budget^a

as adopted November 16, 2020



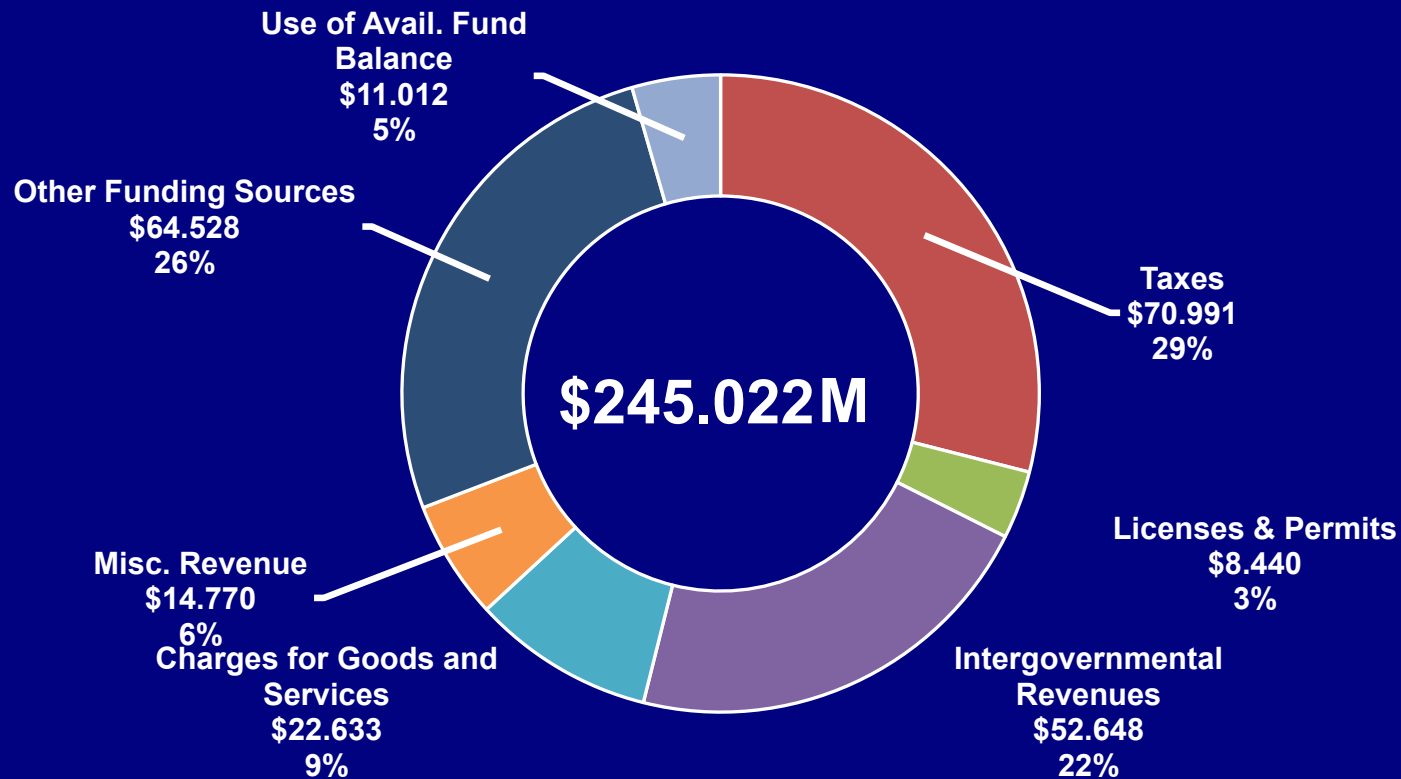
a. Budget and Capital Improvement Plan Documents:

<https://www.shorelinewa.gov/government/departments/administrative-services/budget-and-capital-improvement-plan>

Where Does the Money Come From?

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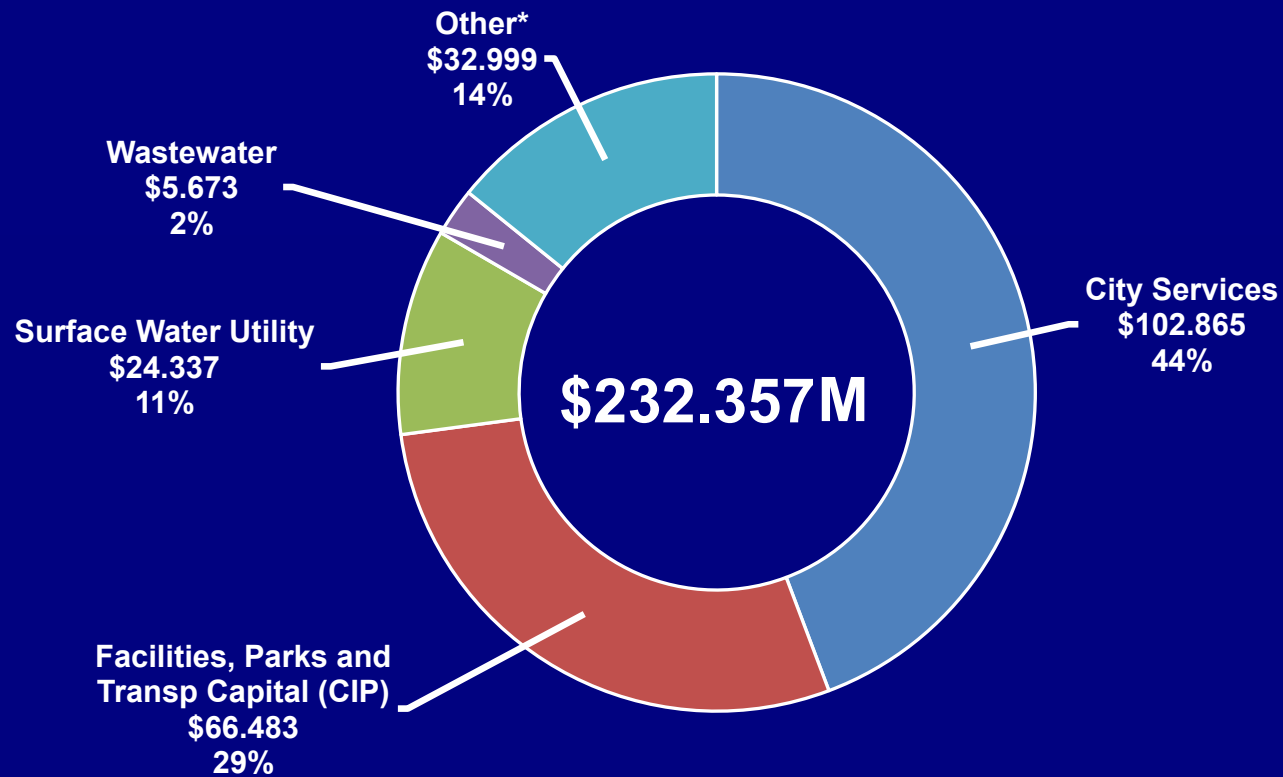
(\$ in '000's)



Where Does the Money Go?

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(\$ in '000's)

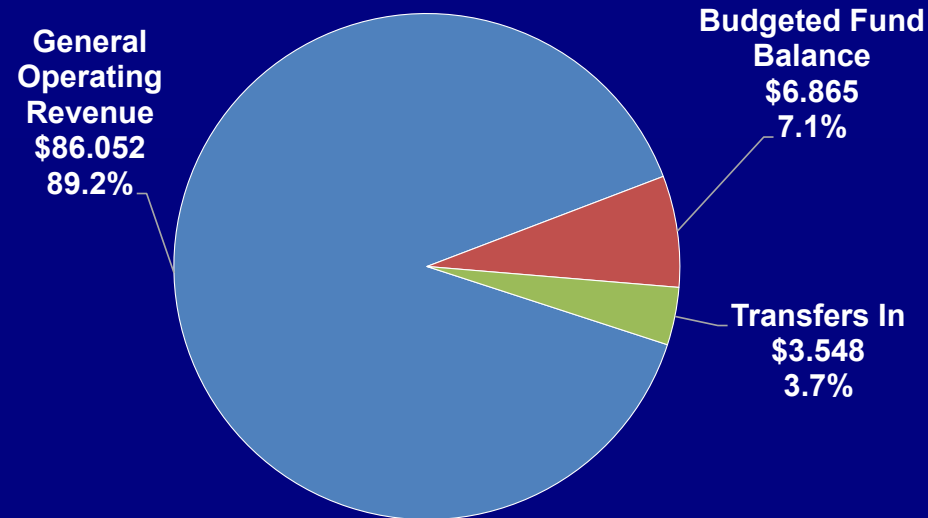


General Fund Resources*

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(\$ in '000's)

\$96.465 M

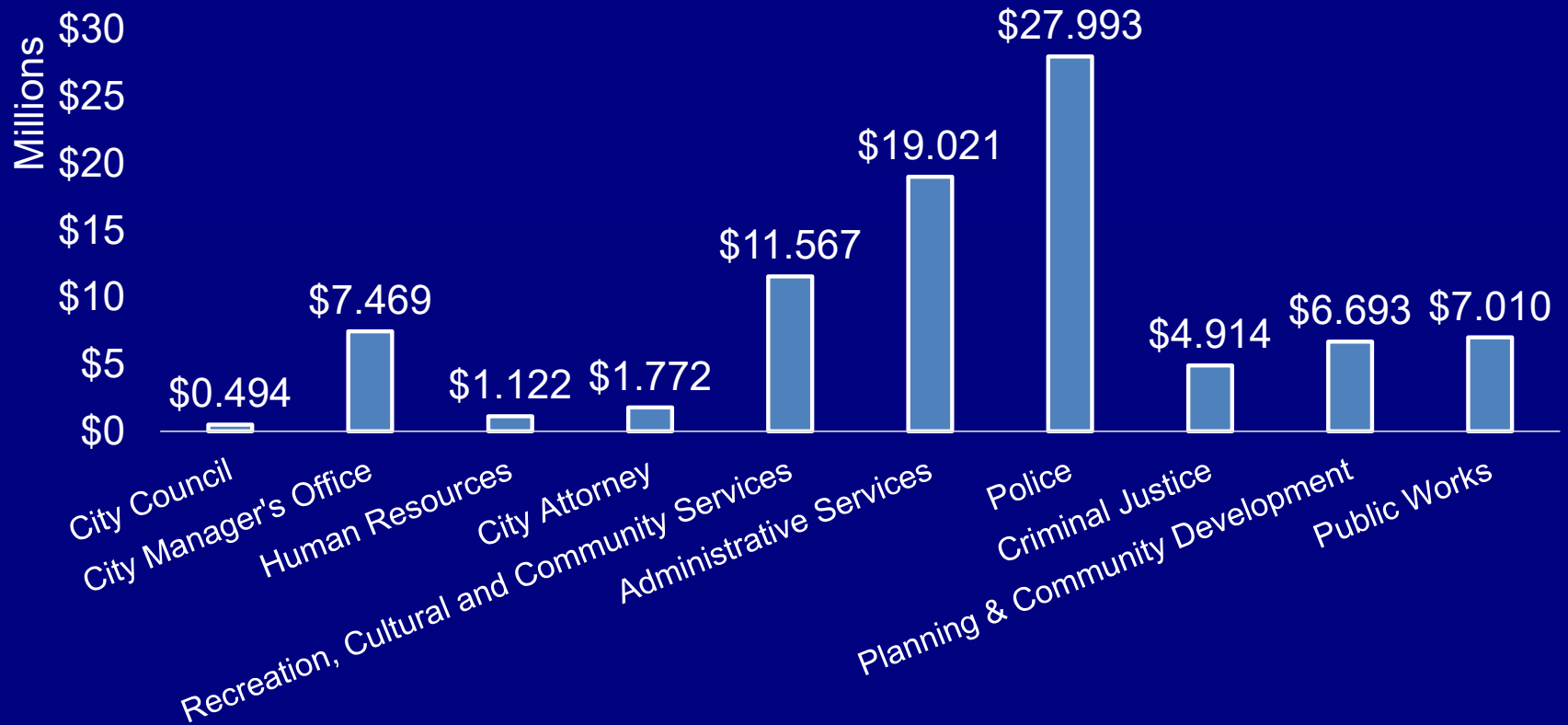


* Resources are all of the moneys supporting the General Fund



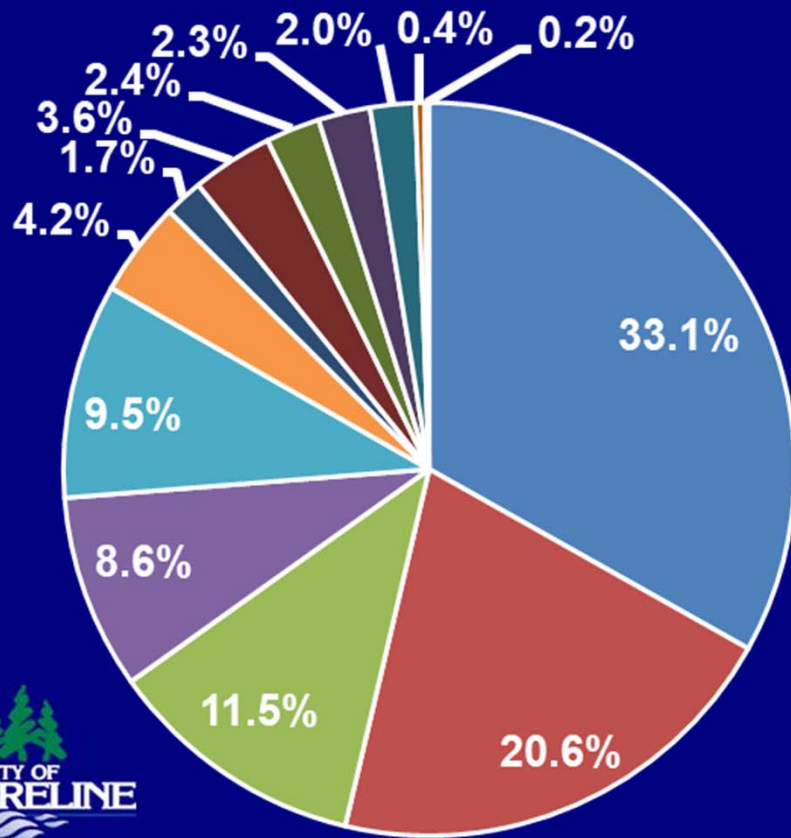
General Fund 2021-2022 Biennial Budget

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General Operating Revenue: \$86.052M

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- Property Tax
- Sales Tax
- Franchise Fee / Contract Payment
- Utility Tax
- Other
- Criminal Justice
- Park and Recreation Revenue
- Development Revenue
- Gambling
- Business and Occupation Tax
- State-Shared
- Grant
- Interest Income



How the 1% Property Tax Limit Works

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- Limits increases in taxes by the City to 1% annually
 - Example:
 - Year 1: City A levies its highest lawful levy at \$1.00 million
 - Year 2: City A can only levy \$1.01 million plus taxes generated by new construction
- It does not limit property tax increases for individual homes
- Individual tax bills are based on a number of factors:
 - How much property changes in value
 - Whether voters approve tax increases beyond the 1% levy limit



Levy Lid Lifts

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- Includes an initial rate “reset” for first year
- Subsequent years’ lift can be a set % or tied to a “limit” factor (like CPI)
- Must be approved by a majority of voters
- Lasts for up to 6 years



Levy Lid Lifts

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- 2022 Levy with LLL: \$15.171M
- 2022 Levy w/o LLL: \$14.528M
 - Difference of \$643,000



How the Levy Limit Affects Property Taxes – An illustration!

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Simple Example With Current Levy of \$600

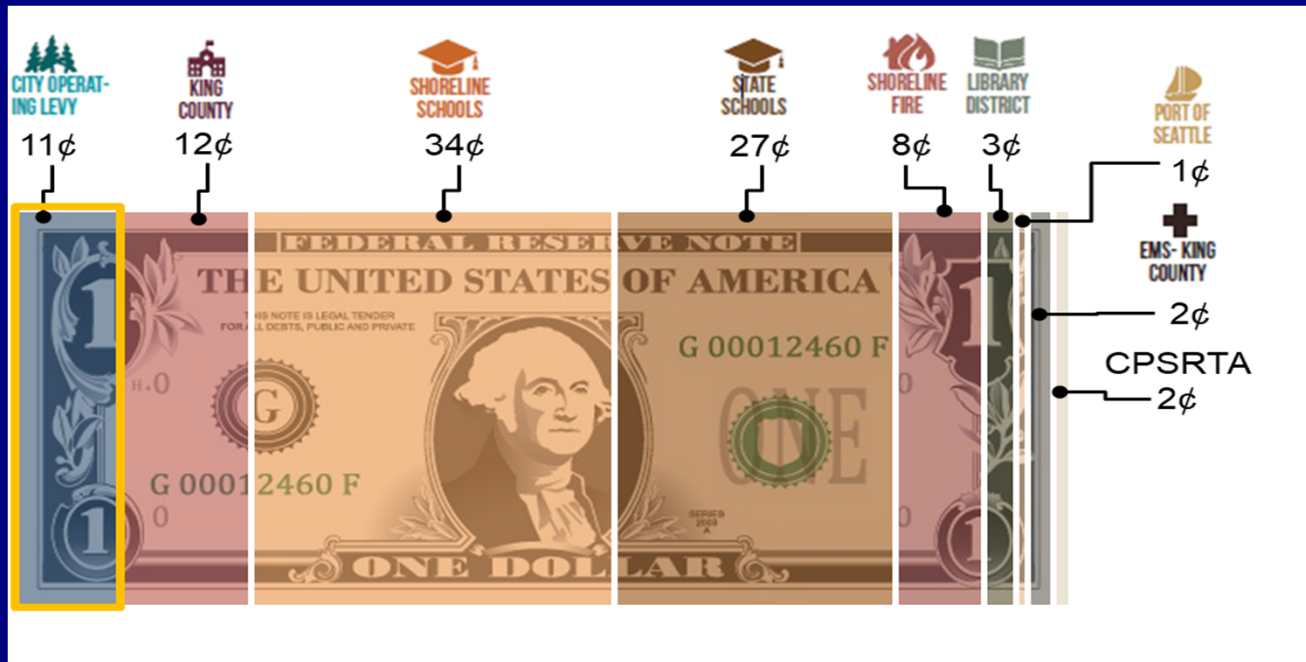
	Home 1	Home 2	Home 3	Total City
Year 1 Assessed Value (AV)	\$200,000	\$200,000	\$200,000	\$600,000
Times the Levy Rate (LR)	1.00	1.00	1.00	
Year 1 Tax Levy (AV*LR/1000)	\$200	\$200	\$200	\$600
Year 2 AV Increase	10%	20%	15%	15%
For Year 2 - City can increase the total levy by 1% from \$600 to \$606				
Year 2 Assessed Value (AV)	\$220,000	\$240,000	\$230,000	\$690,000
Times the Levy Rate (LR)	0.87826	0.87826	0.87826	
Year 2 Tax Levy (AV*LR/1000)	\$193.22	\$210.78	\$202.00	\$606.00
Change in tax paid:	(\$6.78)	\$10.78	\$2.00	\$6.00

Total Levy Grew 1% from Year 1 Tax Levy



Property Tax: Where does the money go?

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This split only applies to Regular Levies. Special Levies are dedicated 100% to the agency and purpose approved by voters!

Common Questions Asked of the Assessor

More information available at these links:
<http://www.kingcounty.gov/depts/assessor.aspx>

<http://www.kingcounty.gov/depts/assessor/Common-Questions/Residential.aspx>

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- Does higher assessed value necessarily mean higher property taxes?
 - An increase in property value does not represent dollar-to-dollar increase in property taxes.
- What Kinds of Property are Taxable?
 - Real property (real estate) which is land, improvements attached to the land (buildings, etc.) and improvements to the land (bulkheads, etc.)...
- How do you determine the value of real estate?
 - Each year, our accredited appraisers assess your property at its full market value using one or all of three approaches: Market (comparable sales), Cost (reproduction or replacement cost, less depreciation) or Income (income or capitalization of economic rents).



Sales Tax: 10.0%* Rate

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\$10 Spent in Shoreline

Generates \$1 of Sales Tax



State

County

Sound Transit *

City



* Note: Sales Tax Rate increased to 10.2% eff. April 1, 2019; additional 0.2% provides funding to Shoreline Transportation Benefit District for construction of new sidewalks



Other Core Revenues

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- Utility Taxes
 - Natural Gas, Telephone, Garbage, Cable TV, Sewer and Storm Drainage Service providers pay tax of 6%
- Franchise Fees: Cable & Water
 - Water and Sewer Providers pay fee of 6.0%
 - Cable TV providers pay fee of 5.0%
- Contract Payment: Electricity
 - Seattle City Light pays 6% Contract Fee on electrical revenues



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Questions?

