



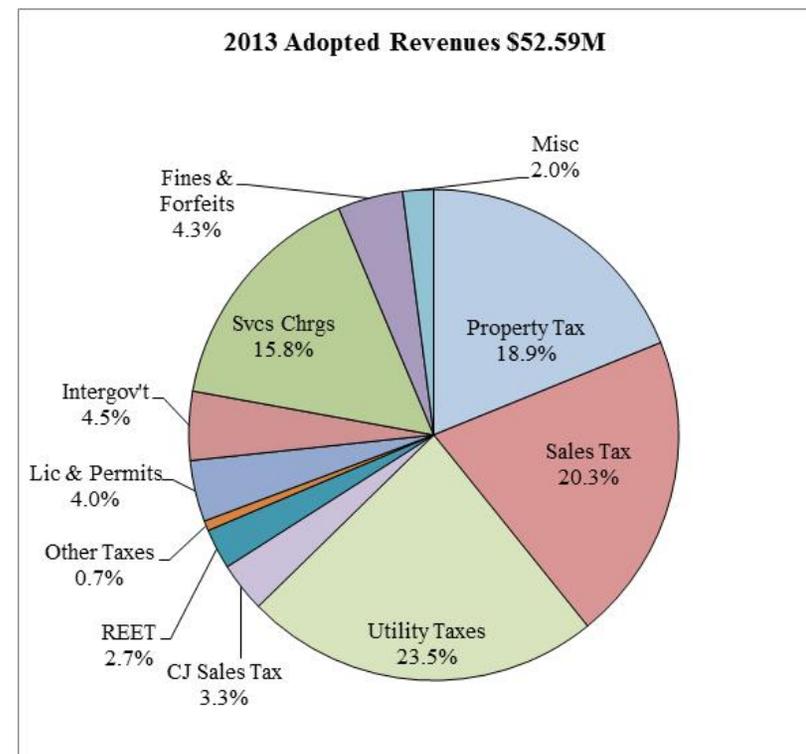
City of Federal Way
Levy and Tax Rates



April 30, 2014

Revenue Composition

- Sales, Property and Utility Tax provides for 63% of the City's operations & capital
- Other taxes provide for 1%
- 64% total tax



General Fund Per Capita Tax Revenue

- Federal Way collects less tax per person than 26 King County cities
(well behind Tukwila, SeaTac, Seattle, Redmond, Bellevue, Renton, Auburn, Kirkland)
- Only 10 cities collect less tax per person than Federal Way
(Duvall, Clyde Hill, Kenmore, Enumclaw, Black Diamond, Newcastle, Burien, Maple Valley, Des Moines, Lake Forest Park)
- Federal Way collects less than other comparable south King County cities, \$382 per person based on latest data

Sales Tax Rate

Sales Tax Paid on Common Goods

Agency	Tax Rate
State	6.50%
King County Metro Transit	0.90%
City of Federal Way	0.85%
King County Sales Tax	0.15%
King County Mental Health	0.10%
Criminal Justice Tax	0.10%
Regional Transit Authority	0.90%
Total	9.50%

Federal Way's share of sales tax is less than 1%.

Where Your Sales Tax Dollar Goes



Total greater than \$1.00 due to rounding.

Tax Levy and Levy Rate

- ***Tax Levy*** is the total amount of property taxes the City can collect
- ***Levy Rate*** is the charge per \$1,000 of assessed value
- Tax levy is a function of assessed valuation and tax rate

$$\begin{array}{ccccccc} \$8,205,733,576 & \div & \$1,000 & \times & \$1.19758 & = & \$9,827,022 \\ \text{Assessed Value} & & & & \text{Levy Rate} & & \text{Tax Levy} \end{array}$$

Limits on Regular Property Tax Levies

- City's tax levy (the total amount of property tax authorized to collect) is limited by statute
- In 1973 legislature capped property tax growth to 6% in response to Citizen's concerns that property tax was rising too fast
- In November 1997, voters approved Referendum 47 which limited levy increases to the lesser of 6% or inflation
- In November 2001, voters approved Initiative 747 which further limited levy increases to the lesser of 1% or inflation

Slower revenue growth as a result of past citizen initiatives.

How the 1% Limit Works - Scenarios

1)	1% ↑ AV/\$1,000	X	0% tax rate	=	1% ↑ tax levy
2)	0% AV/\$1,000	X	1% ↑ tax rate	=	1% ↑ tax levy
3)	0.6% ↑ AV/\$1,000	X	0.4% ↑ tax rate	=	1% ↑ tax levy
4)	5% ↑ AV/\$1,000	X	- 4% ↓ tax rate	=	1% ↑ tax levy
5)	-2% ↓ AV/\$1,000	X	3% ↑ tax rate	=	1% ↑ tax levy

In any case, the City's tax levy cannot exceed 1% (assuming inflation is > 1%)

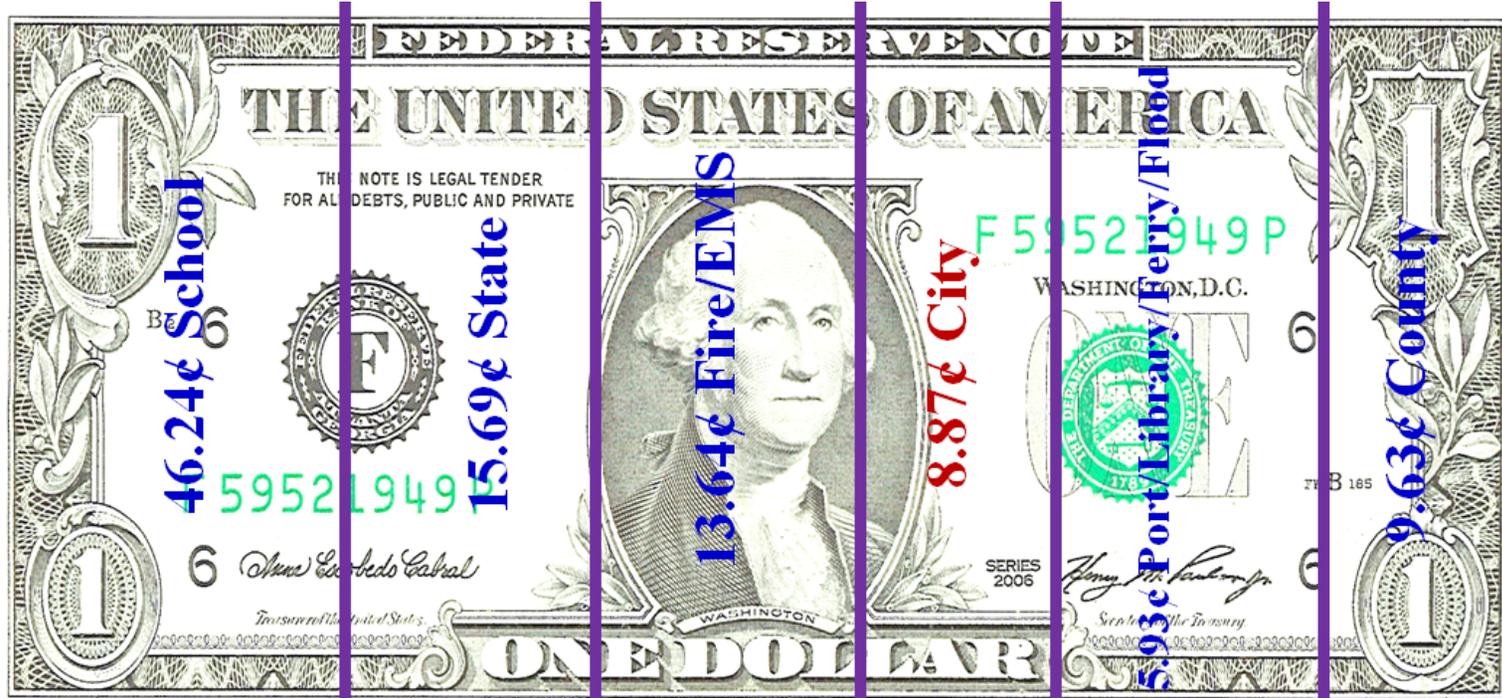
1% Limit & Impact to Homeowners

- 1% limit applies to overall property tax revenue City collects
- 1% limit does not apply to the amount of property tax a homeowner pays as it really depends on the change in a home's assessed valuation

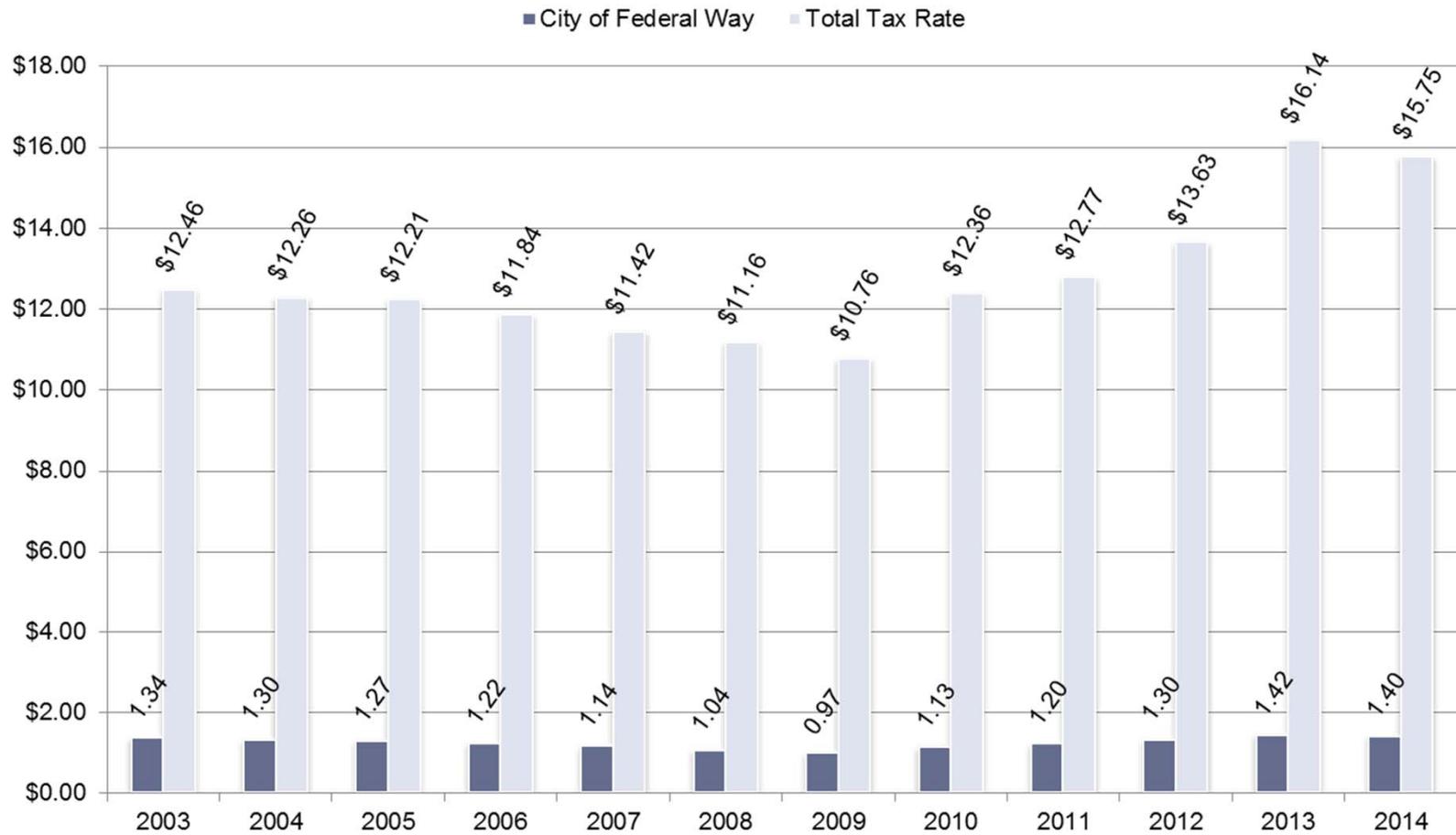
2014 Property Tax by Taxing District

Taxing District	Per \$1,000 AV	% of Total
City	\$ 1.3963	8.87%
State	\$ 2.4704	15.69%
County	\$ 1.5161	9.63%
Port	\$ 0.2153	1.37%
EMS	\$ 0.3350	2.13%
Ferry	\$ 0.0035	0.02%
Flood	\$ 0.1537	0.98%
School	\$ 7.2815	46.24%
Fire	\$ 1.8136	11.52%
Library	\$ 0.5618	3.57%
Total	\$ 15.7471	100.0%

Where Your Property Tax Dollar Goes



Levy Rate History



Comparison of City Portion PTax

Home Value		\$ 250,000	
City	Levy Rate	City Portion	Difference
Federal Way	1.39626	\$ 349	
Des Moines	1.60000	\$ 400	\$ 51
Kent	1.64501	\$ 411	\$ 62
Auburn	2.16739	\$ 541	\$ 192
Renton	3.15158	\$ 788	\$ 439



End of Presentation
