

RESOLUTION R-5451

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND MAKING A DECLARATION OF SUBSTANTIAL NEED FOR PURPOSES OF SETTING THE LIMIT FACTOR FOR THE PROPERTY TAX LEVY FOR 2021.

1 WHEREAS, RCW 84.55.010 provides that a taxing  
2 jurisdiction may levy taxes in an amount no more than the limit  
3 factor multiplied by the highest levy of the most recent three years  
4 plus additional amounts resulting from new construction and  
5 improvements to property; and  
6

7 WHEREAS, under RCW 84.55.005(2)(c), the limit factor for  
8 a taxing jurisdiction with a population of 10,000 or over is the  
9 lesser of 101 percent or 100 percent plus inflation; and  
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11 WHEREAS, RCW 84.55.005(1) defines "inflation" as the  
12 percentage of change in the implicit price deflator for personal  
13 consumption expenditures for the United States as published for  
14 the most recent 12-month period by the Bureau of Economic  
15 Analysis of the federal Department of Commerce in September of  
16 the year before the taxes are payable; and  
17

18 WHEREAS, "inflation" as published on August 27, 2020 is  
19 0.602 percent, and the limit factor is 100.602 percent; and  
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21 WHEREAS, RCW 84.55.0101 provides for use of a limit  
22 factor of up to 101 percent with a finding of substantial need by  
23 a majority of the Council Members plus one; and  
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25 WHEREAS, the preliminary 2021 budget assumes that the  
26 City would implement the optional levy increase of one percent;  
27 and  
28

29 WHEREAS, if no finding of substantial need is adopted, the  
30 property tax revenues for 2021 would be reduced by \$124,705;  
31

32 WHEREAS, the City has an underlying structural imbalance  
33 between revenue growth and the increasing cost of providing  
34 services;  
35

36 WHEREAS, the City faces short and long-term revenue  
37 losses as a result of the negative economic impact of COVID-19  
38 in 2020-2021 and the expiration of the Annexation Sales Tax  
39 Credit in 2021.  
40

41 NOW, THEREFORE, be it resolved by the City Council of the  
42 City of Kirkland as follows:  
43

44 Section 1. A finding is made of substantial need under RCW  
45 84.55.0101, which authorizes a limit factor of 101 percent for the  
46 property tax levy for 2021, due to the need to maintain the City's

47 budgeted level of revenues in 2021, recognizing the short-term  
48 revenue loss resulting from COVID-19 and the long-term revenue  
49 loss resulting from the expiration of the Annexation Sales Tax  
50 Credit in 2021.

51  
52 Passed by majority vote of the Kirkland City Council plus  
53 one in open meeting this 17 day of November, 2020.

54  
55 Signed in authentication thereof this 17 day of November,  
56 2020.  
57

  
\_\_\_\_\_  
Penny Sweet, Mayor

Attest:

  
\_\_\_\_\_  
Kathi Anderson, City Clerk

September 25, 2020

Dear County Assessors:

**What is the rate of inflation (IPD rate) for 2021?**

The rate of inflation (IPD rate) for property taxes due in 2021 is **0.602 percent**.

**What is the limit factor for 2021 provided the taxing district adopts a resolution/ ordinance authorizing an increase over the prior year's levy?**

For the state and taxing districts with populations of 10,000 or greater, the limit factor for property taxes due in 2021 is **100.602 percent**. The limit factor for these districts is defined as 100 percent plus the lesser of the rate of inflation or one percent.

For taxing districts with populations under 10,000, the limit factor for property taxes due in 2021 is **101 percent**.

**How is the rate of inflation (IPD rate) calculated?**

The rate of inflation is the percent change in the implicit price deflator for personal consumption as published by the Bureau of Economic Analysis by September 25<sup>th</sup>.

The most recent publication available on September 25<sup>th</sup> was the August publication. For this reason, we used the quarterly values to calculate the percent change in implicit price deflator for personal consumption for taxes due in 2021.

We calculate the percent change by dividing the Quarter 2 2020 number by the Quarter 2 2019 number, subtracting one, and then multiplying by 100. We used the following values in the calculation this year:

Quarter 2 2019	109.722
Quarter 2 2020	110.382

If you have any questions, please contact me.

Sincerely,

Mark Studer  
 Tax Policy Specialist  
 Research & Fiscal Analysis  
 Department of Revenue

cc: County Treasurers