



PROPOSED REVENUE AND PROPERTY TAX LEVY

NOVEMBER 17, 2020



COUNTY BUDGET PROCESS

State law governs the county budget process

- RCW 36.40.070 requires a public hearing on the budget
- RCW 36.40.071 allows the budget hearing to be on the first Monday in December
- RCW 36.40.080 requires the county legislative authority to determine each item in the budget and adopt it by resolution
- RCW 36.40.090 requires the board of county commissioners to fix the amount of levies
- RCW 84.55.120 requires a public hearing on revenue sources that support the budget, including consideration of possible increases in property tax revenue
- RCW 84.52.070 requires the county legislative authority to certify the property taxes levied no later than November 30 of each year



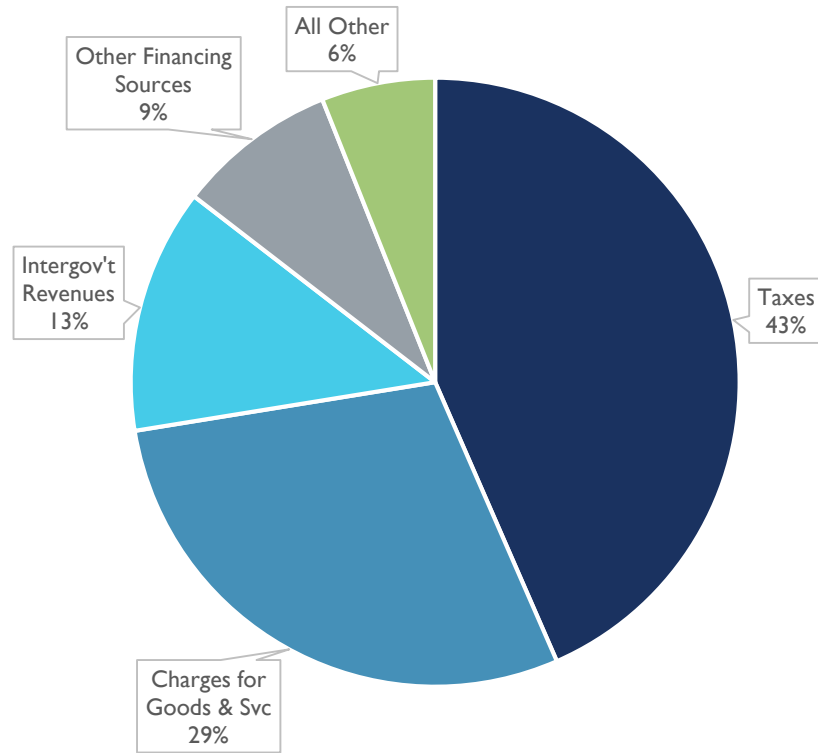
REVENUE TO SUPPORT THE BUDGET

2021 PRELIMINARY BUDGET ALL FUNDS

Combined Operating and Capital Budgets

Type of Fund	2020		2021	
	Revenue	Expenditures	Revenue	Expenditures
General Fund	117,250,016	119,349,687	100,922,278	112,133,384
Special Revenue Funds	124,873,382	137,185,073	111,891,917	123,168,733
Debt and Bond Funds	6,280,700	6,172,500	6,381,690	6,273,690
Capital Funds	55,237,457	42,218,170	47,452,350	27,332,592
Enterprise Funds	58,091,615	66,988,806	51,984,808	61,352,896
Internal Service Funds	45,542,769	49,115,511	44,667,646	40,743,200
Total	407,275,939	421,029,747	363,300,689	371,004,495

PROPOSED OPERATING REVENUE: ALL FUNDS



Revenue Source	2020	2021
Taxes	138,207,201	138,872,942
Charges for Goods & Svc	90,494,681	92,642,740
Intergov't Revenues	70,351,380	41,577,853
Other Financing Sources	33,725,490	27,178,196
All Other	27,412,879	19,315,151
Total Operating Revenue	360,191,631	319,586,882
Total Operating Expenditures	421,029,747	371,004,495

EXAMPLES OF REVENUE

■ Taxes

- Property Tax
- Sales & Use Tax
- Special Revenue Taxes, such as Treatment Sales Tax

■ Charges for Services

- Garbage disposal fees at the WARC
- Internal service charges, such as Financial Services

■ Intergovernmental Revenues

- Federal and State grants for services such as roads and housing
- State revenue sharing, such as Liquor Profits

■ Licenses and Permits; Fines and Forfeits

- Marriage and vehicle licenses
- Construction Permits
- Court fines, such as speeding tickets

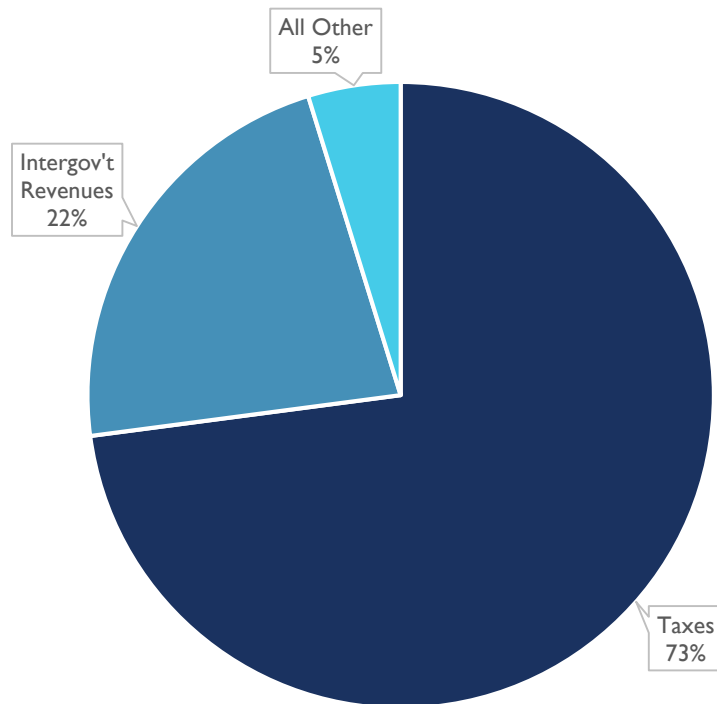
■ Miscellaneous Revenue

- Investment Interest

■ Transfers (Other Finance Sources)

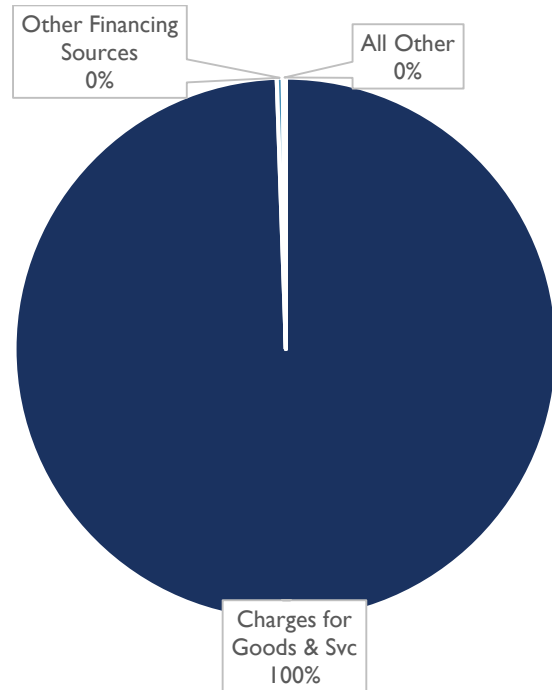
- Transfer from Roads Account to Road Construction to account for projects

ROADS AND TRANSPORTATION FUND (#1190)



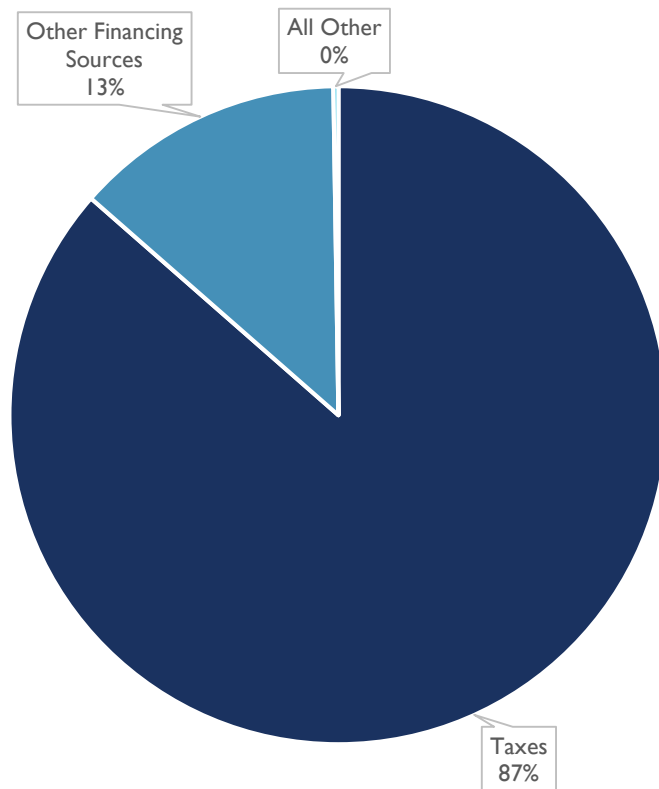
Revenue Source	2020	2021
Taxes	21,484,000	21,360,000
Intergov't Revenues	5,001,838	6,534,990
All Other	1,201,713	1,398,613
Total Operating Revenue	27,687,551	29,293,603
Total Operating Expenditures	30,032,675	27,027,347

SOLID WASTE FUND (#4030)



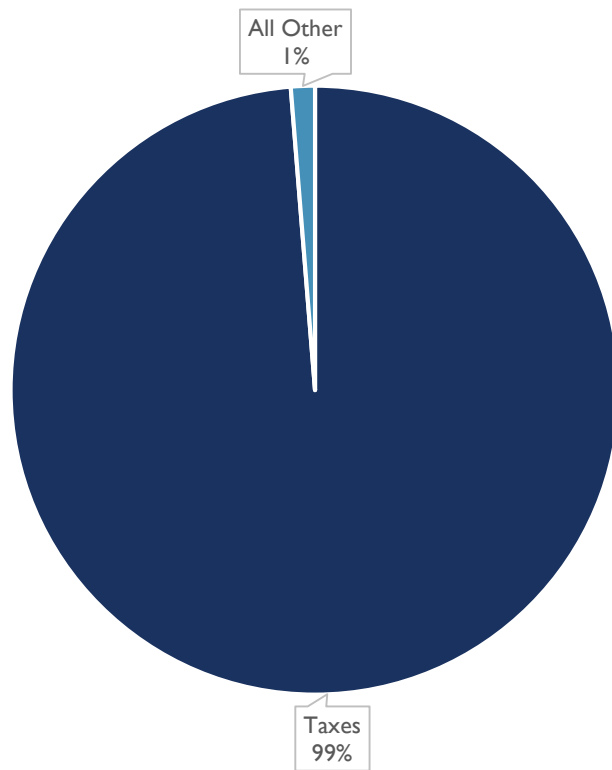
Revenue Source	2020	2021
Charges for Goods & Svc	25,923,000	25,332,410
Other Financing Sources	5,037,282	91,066
All Other	62,400	46,400
Total Operating Revenue	31,022,682	25,469,876
Total Operating Expenditures	25,586,862	26,635,338

MEDIC ONE FUND (#1290)



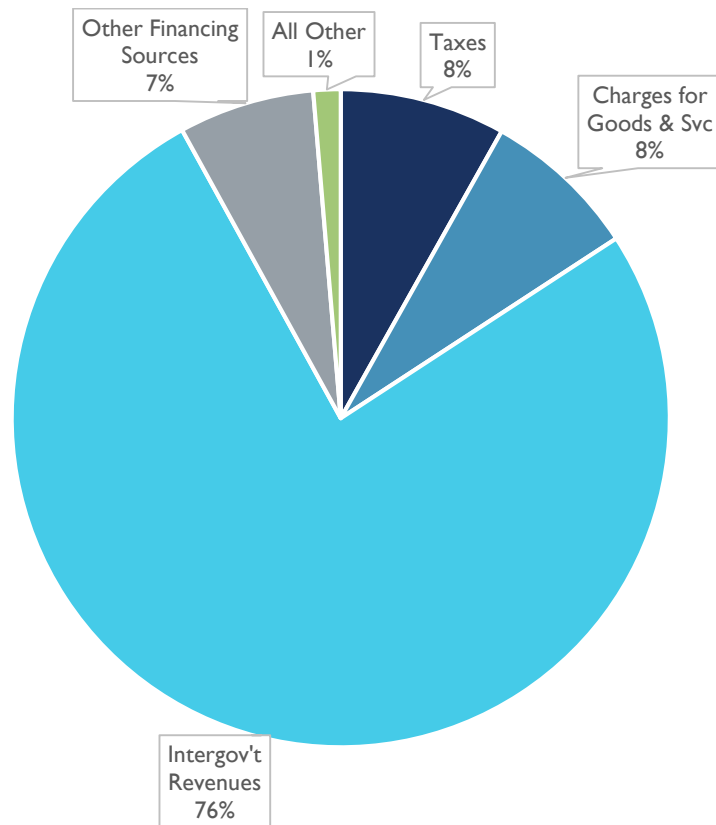
Revenue Source	2020	2021
Taxes	11,500,000	11,700,000
Other Financing Sources	3,036,000	1,800,000
All Other	382,700	33,320
Total Operating Revenue	14,918,700	13,533,320
Total Operating Expenditures	14,259,894	14,149,777

CONSERVATION FUTURES FUND (#1380)



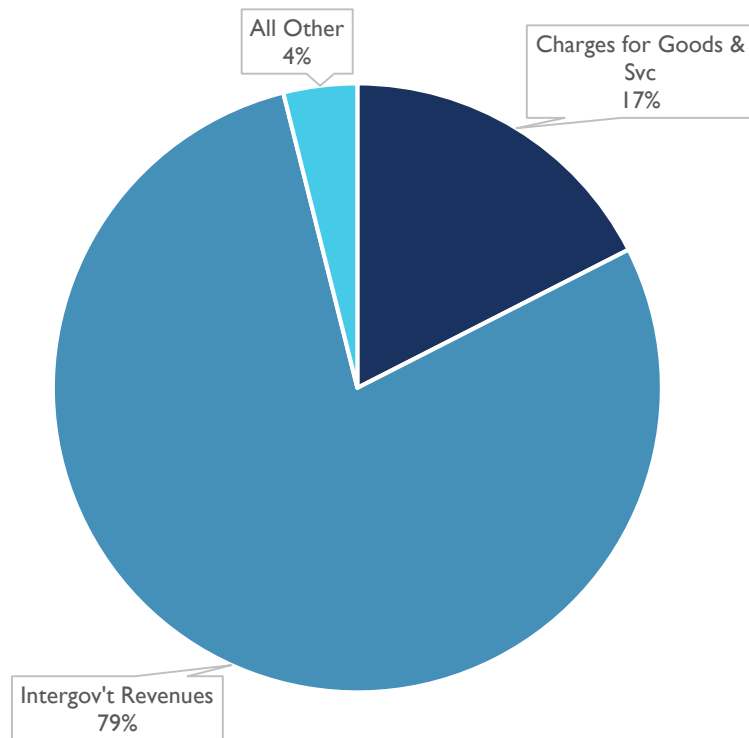
Revenue Source	2020	2021
Taxes	1,510,500	1,510,500
All Other	19,500	19,500
Total Operating Revenue	1,530,000	1,530,000
Total Operating Expenditures	4,004,636	3,972,102

PUBLIC HEALTH FUND (#1500)



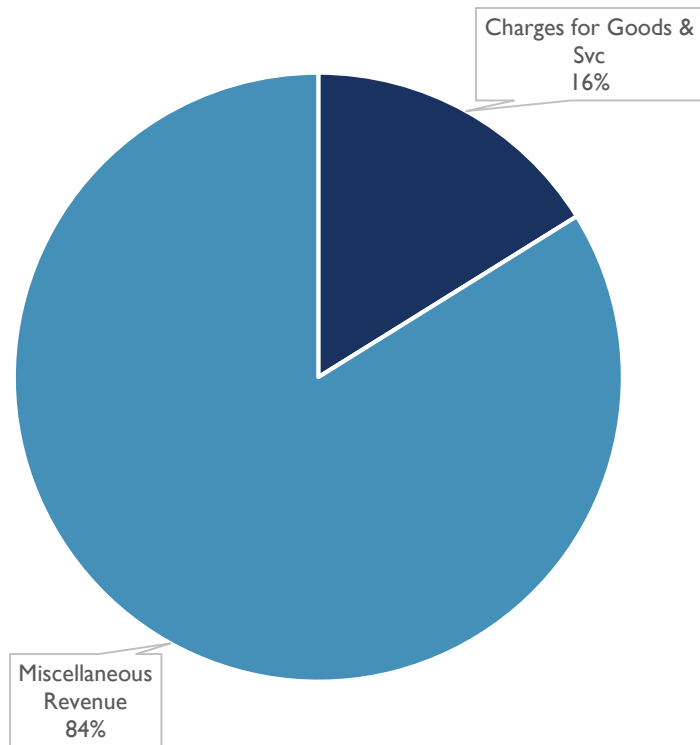
Revenue Source	2020	2021
Taxes	1,170,423	1,185,937
Charges for Goods & Svc	844,606	1,116,822
Intergov't Revenues	9,460,735	11,105,966
Other Financing Sources	1,233,485	972,319
All Other	30,000	195,342
Total Operating Revenue	12,739,249	14,576,386
Total Operating Expenditures	14,165,324	14,771,477

HOUSING & COMMUNITY RENEWAL FUND (#1400)



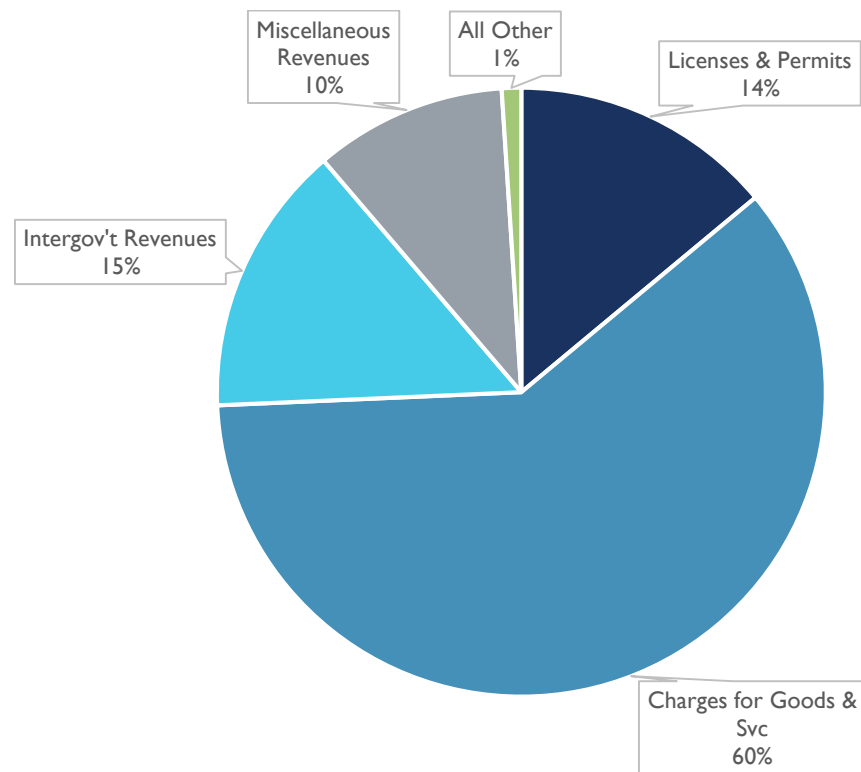
Revenue Source	2020	2021
Charges for Goods & Svc	2,413,000	2,343,000
Intergov't Revenues	18,393,484	10,522,495
All Other	173,782	524,147
Total Operating Revenue	20,980,266	13,389,642
Total Operating Expenditures	21,061,063	12,940,584

STORM AND SURFACE WATER UTILITY FUND (#4060)



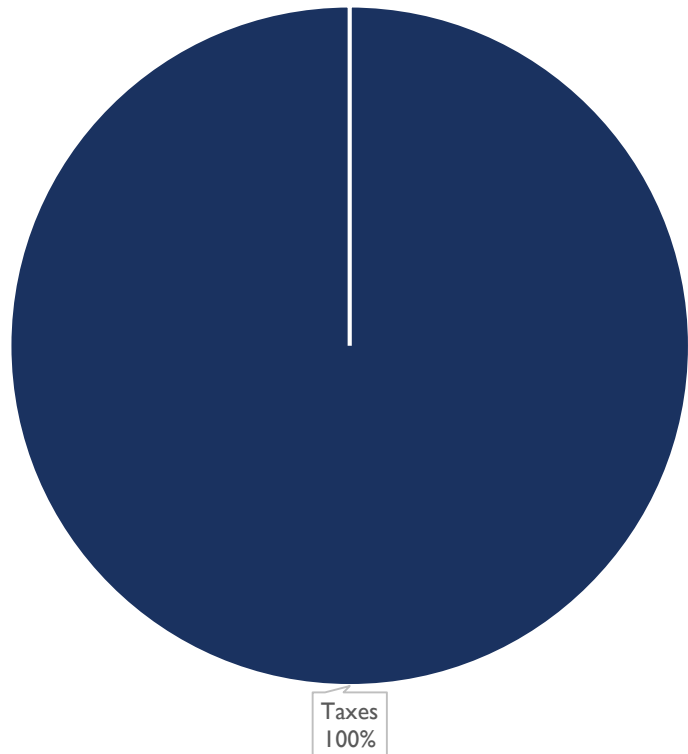
Revenue Source	2020	2021
Charges for Goods & Svc	249,481	1,124,224
Miscellaneous Revenue	6,703,639	5,841,947
All Other	40,175	
Total Operating Revenue	6,993,295	6,966,171
Total Operating Expenditures	7,806,601	8,057,729

ENVIRONMENTAL HEALTH FUND (#4520)



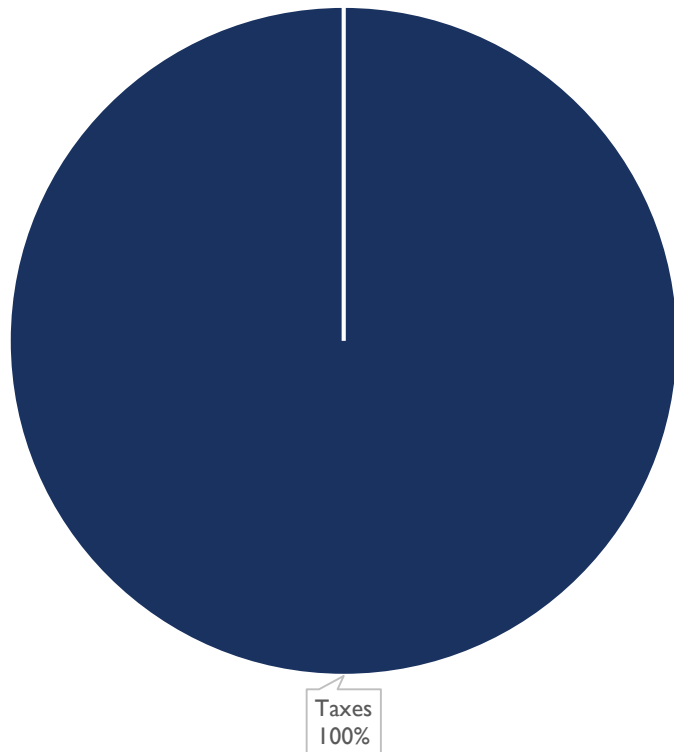
Revenue Source	2020	2021
Licenses & Permits	767,524	807,830
Charges for Goods & Svc	4,456,576	3,491,702
Intergov't Revenues	427,432	835,615
Miscellaneous Revenues	581,710	591,010
All Other	59,795	59,795
Total Operating Revenue	6,293,037	5,785,952
Total Operating Expenditures	5,404,414	6,730,032

TREATMENT SALES TAX FUND (#1180)



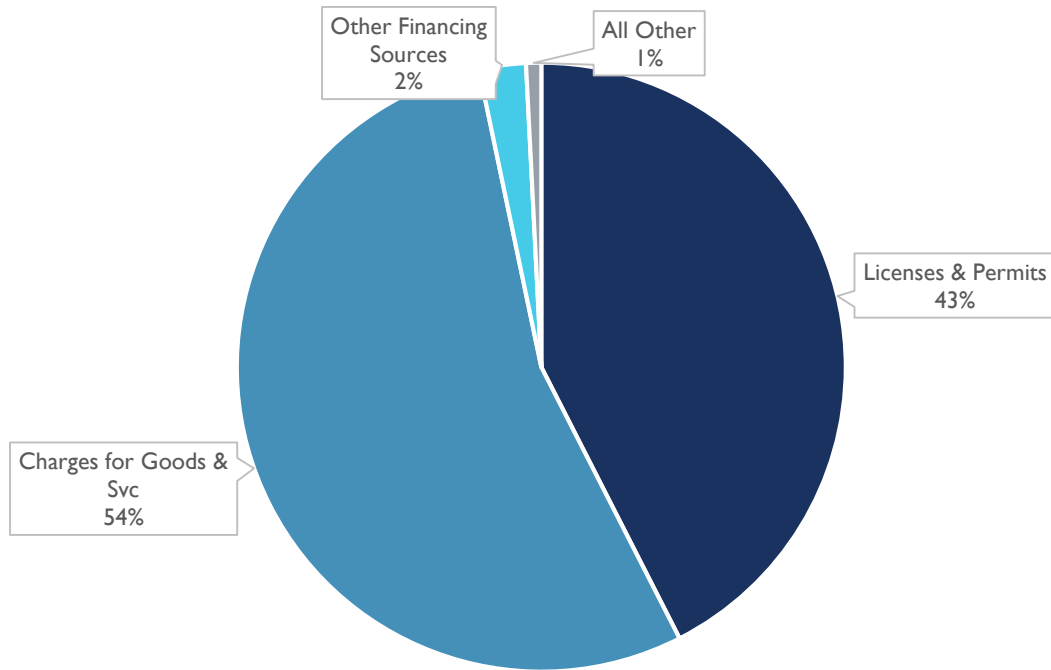
Revenue Source	2020	2021
Taxes	6,608,000	6,445,000
Total Operating Revenue	6,608,000	6,445,000
Total Operating Expenditures	7,621,651	8,746,448

DETENTION SALES TAX FUND (#1100)



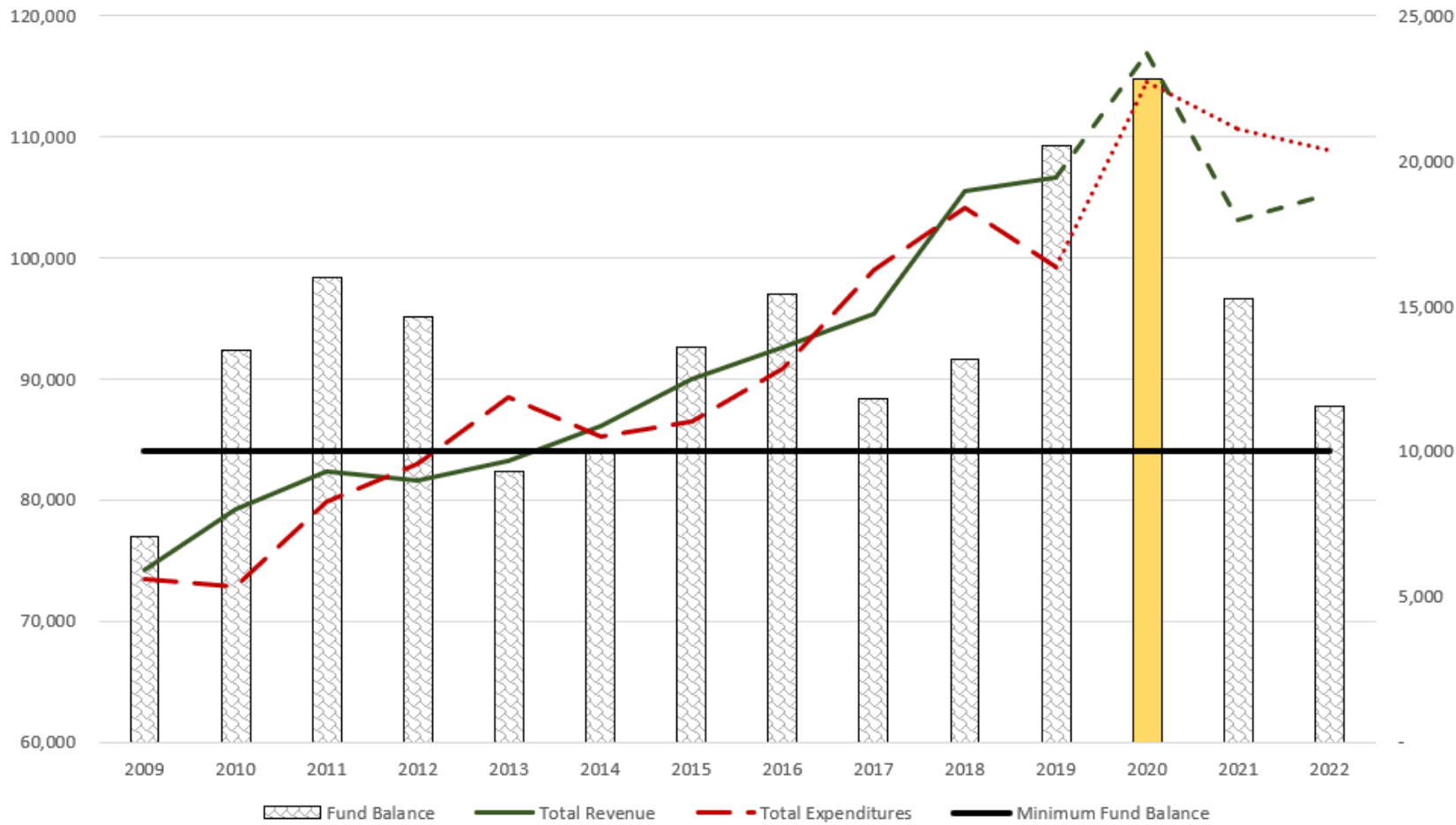
Revenue Source	2020	2021
Taxes	6,498,000	6,300,000
Total Operating Revenue	6,498,000	6,300,000
Total Operating Expenditures	6,854,991	6,874,747

LAND USE & PERMITTING FUND (#4124)



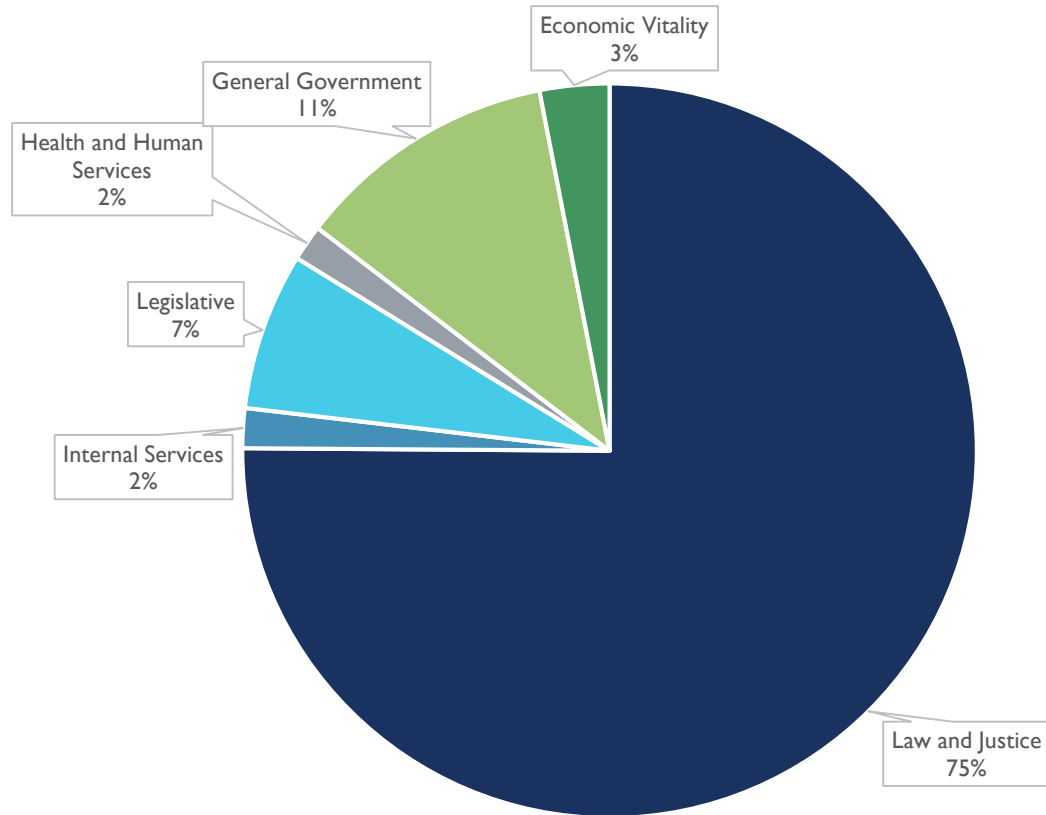
Revenue Source	2020	2021
Licenses & Permits	2,260,000	2,376,264
Charges for Goods & Svc	3,051,700	3,031,200
Other Financing Sources	549,668	138,989
All Other	84,575	45,000
Total Operating Revenue	5,945,943	5,591,453
Total Operating Expenditures	6,787,030	5,803,309

Projected Fund Balance - 2021 Budget: Preliminary 1
 Thurston County General Fund
 (Dollars in 000's)



**GENERAL
 FUND
 FORECAST**

GENERAL FUND EXPENDITURES



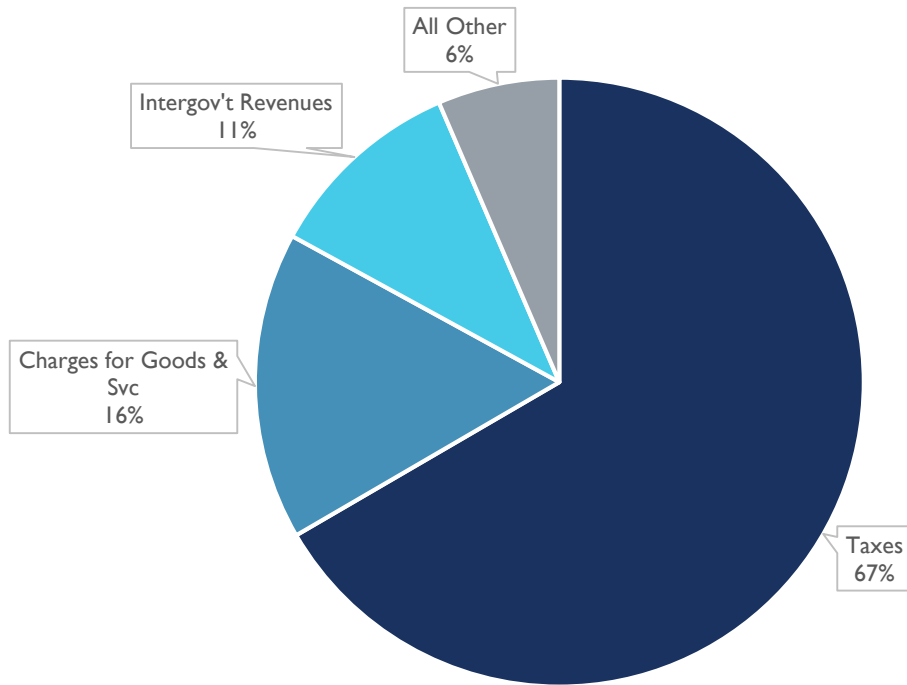
General Fund Expenditures	2020	2021
Law and Justice	79,817,157	84,223,229
Legislative	19,039,361	7,766,163
General Government	13,403,004	12,965,485
Economic Vitality	2,973,900	3,433,956
Health and Human Services	1,951,199	1,779,027
Internal Services	2,165,066	1,965,524
Total Expenditures	119,349,687	112,133,384

GENERAL FUND EXPENDITURE INCREASES REQUESTED IN 2021

Policy Requests total \$6,320,703

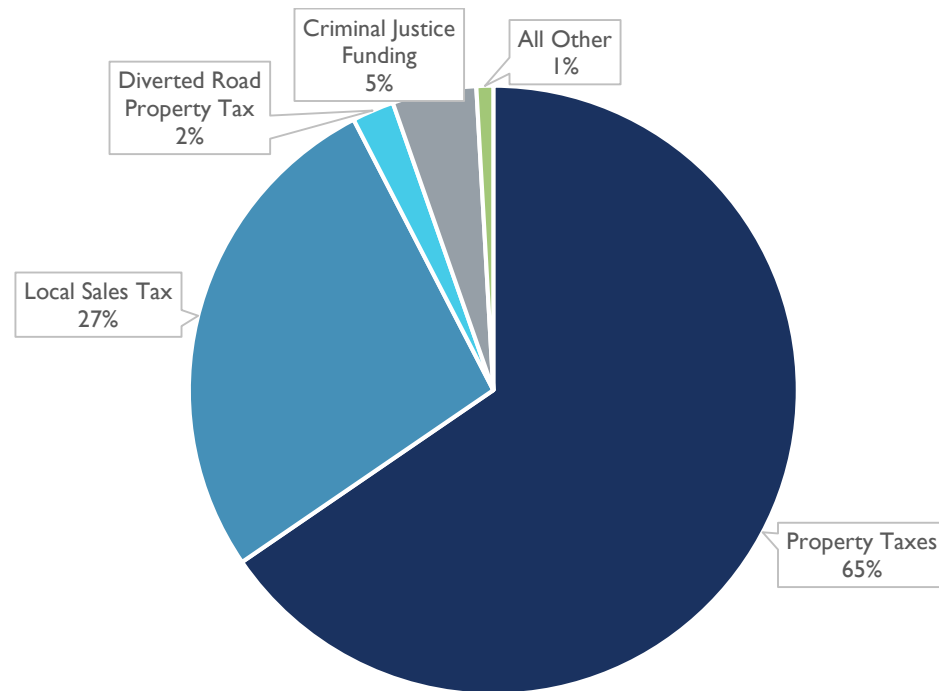
- Superior Court Leasing and Security for Offsite Courtroom - **\$715,990**
- Sheriff's Office Adding 5 Positions in Corrections - **\$557,521**
- Sheriff's Office Adding 5 Patrol Deputies - **\$510,723**
- District Court Providing Substance Abuse Monitoring- **\$500,000**
- Sheriff's Office Providing Deputies for Offsite Courtroom - **\$392,178**
- Sheriff's Office Adding Equipment to ER&R - **\$370,086**
- Superior Court Reorganizing Security - **\$346,328**
- Commissioners Funding Thurston Climate Mitigation - **\$300,000**
- Cost of Living Adjustment 1.5% increase - **\$879,000**

GENERAL FUND REVENUE



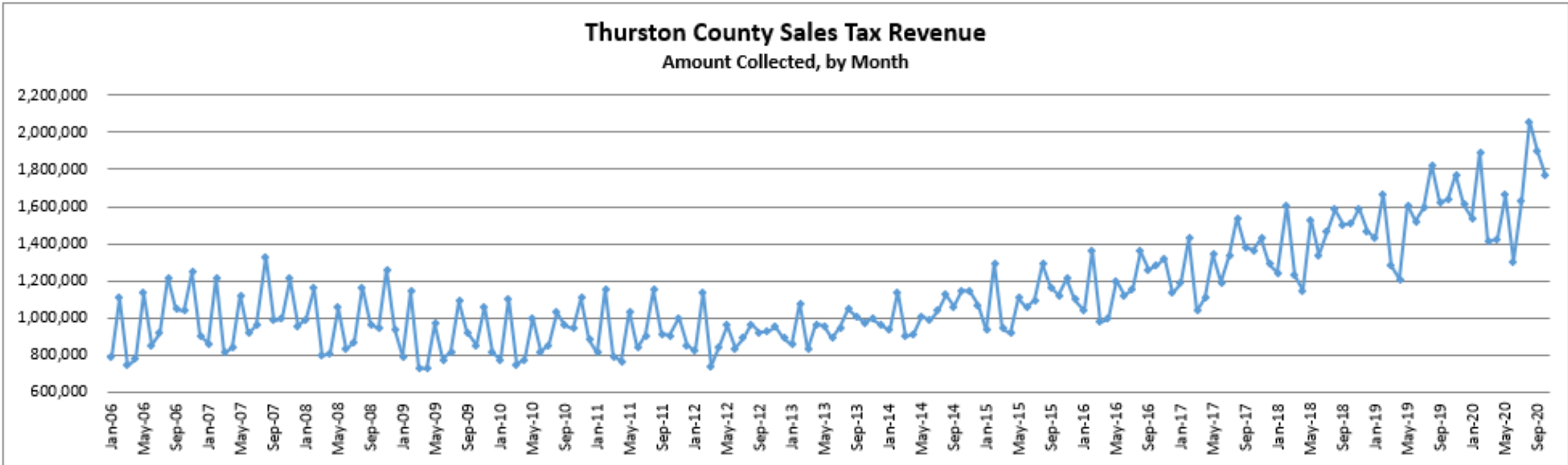
Revenue Source	2020	2021
Taxes	67,512,600	67,225,500
Charges for Goods & Svc	16,374,621	16,503,126
Intergov't Revenues	23,838,825	10,662,293
All Other	9,523,970	6,531,359
Total Operating Revenue	117,250,016	100,922,278
Total Operating Expenditures	119,349,687	112,317,384

GENERAL FUND REVENUE: TAXES

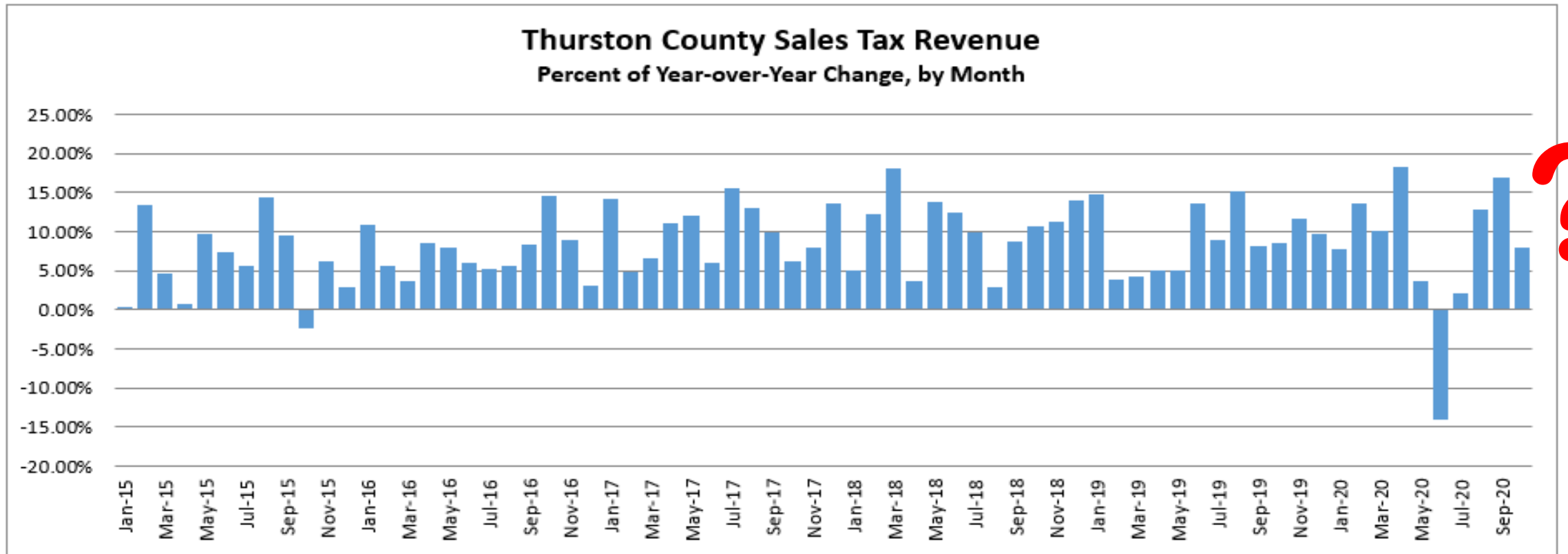


Taxes	2020	2021
Property Taxes	43,000,000	44,000,000
Local Sales Tax	19,404,000	18,125,000
Diverted Road Property Tax	1,500,000	1,500,000
Criminal Justice Funding	3,000,000	3,000,000
All Other	608,600	600,500
Total General Fund Tax Revenue	67,512,600	67,225,500

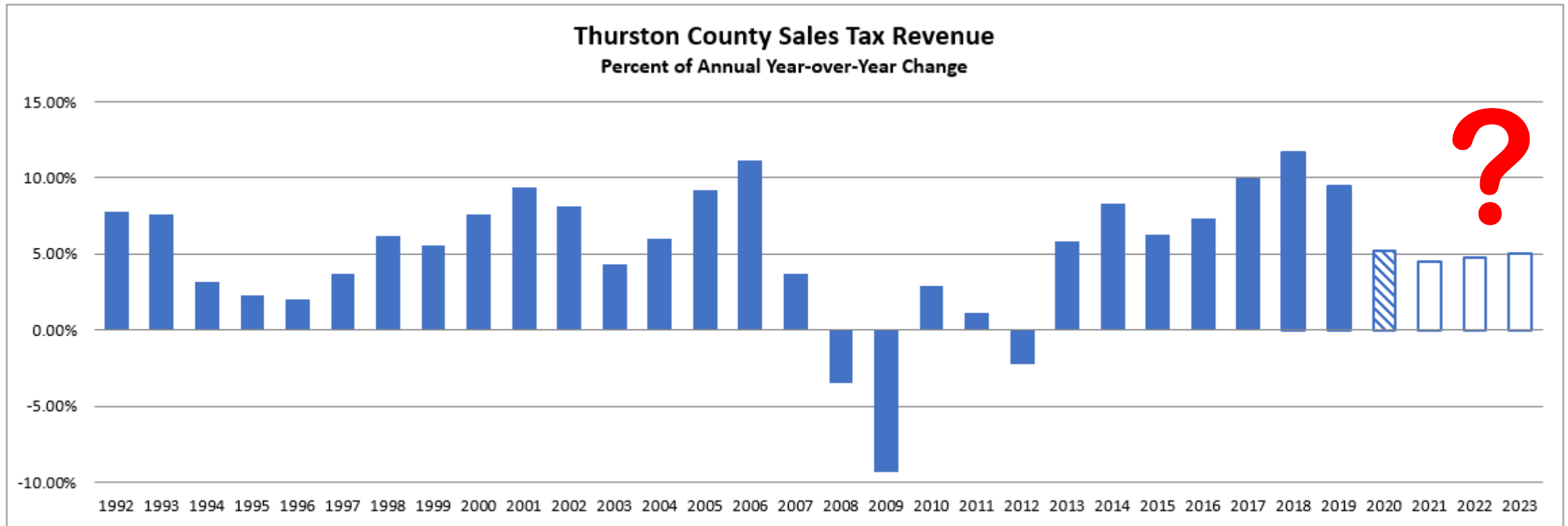
TREND IN SALES TAX REVENUE



TREND IN SALES TAX REVENUE



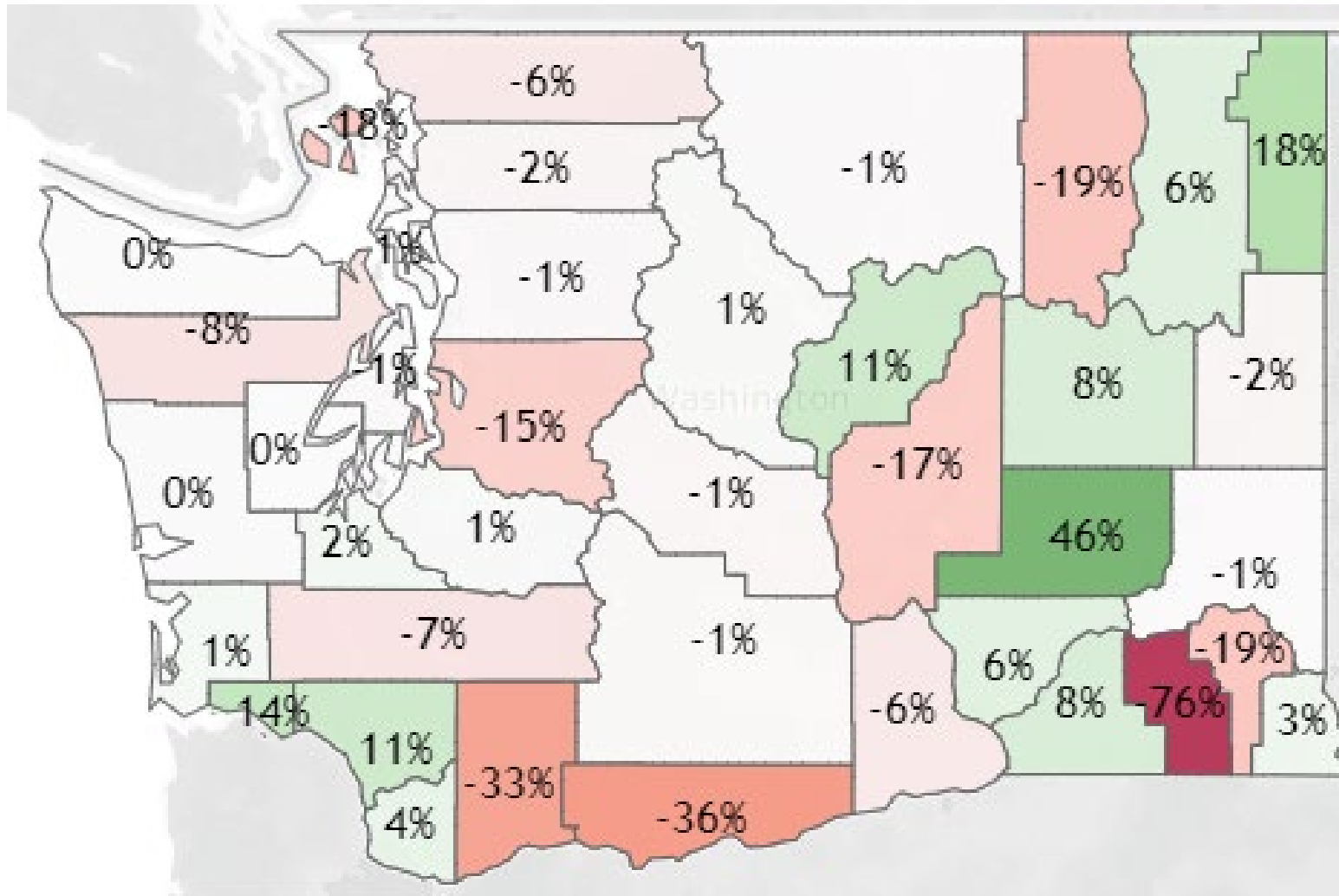
TREND IN SALES TAX REVENUE



Change in taxable retail sales by county

Viewing 3 months ending August 2020

% change from same period last year



WA STATE
DEPARTMENT
OF COMMERCE

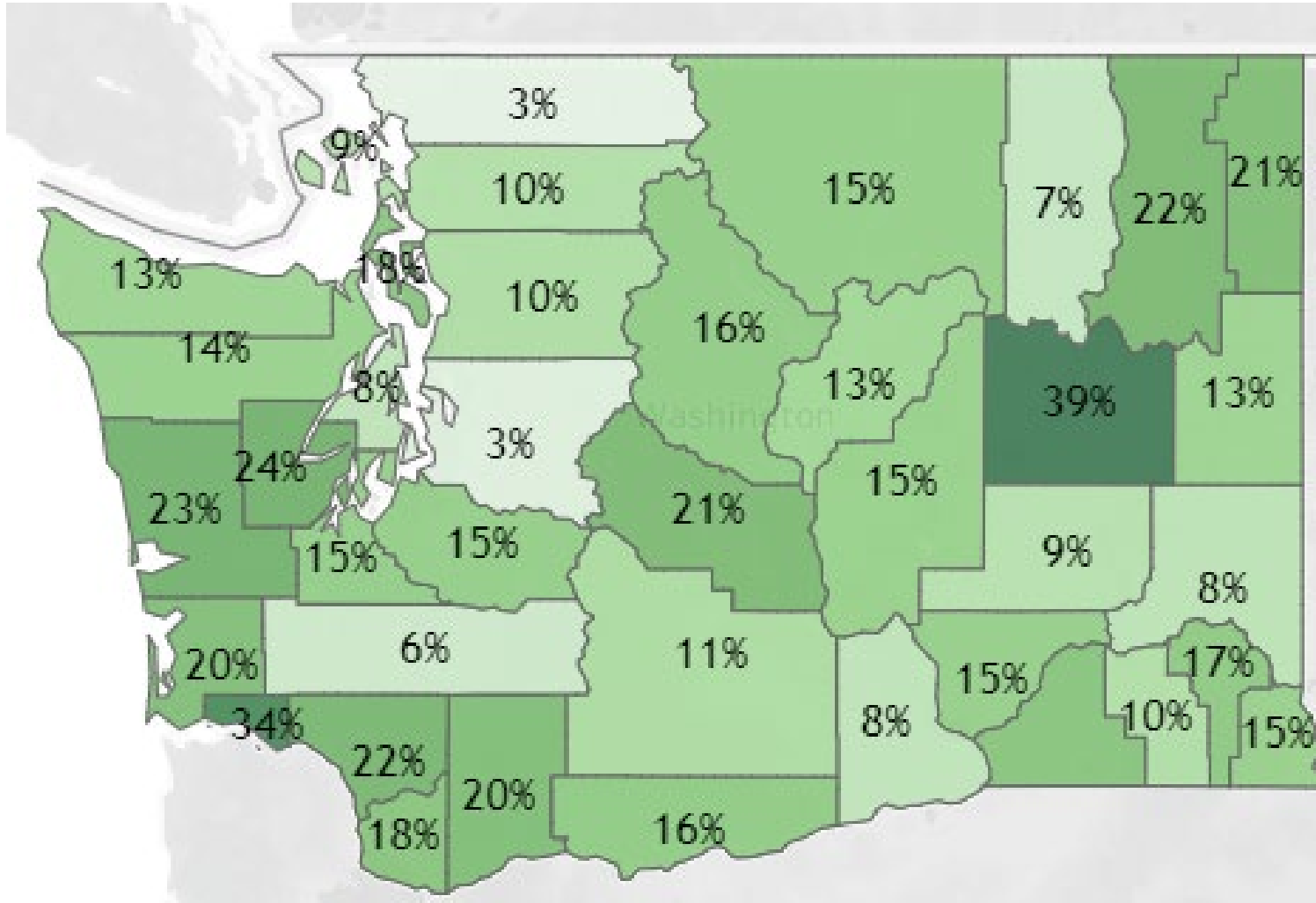
ECONOMIC
RECOVERY
DASHBOARD

DATA FROM DEPT OF REVENUE

Change in taxable retail sales by county

Viewing 3 months ending August 2020

% change from same period last year



COMMERCE
ECONOMIC
RECOVERY
DASHBOARD

RETAIL TRADE
ONLY

DATA FROM DEPT OF REVENUE



PROPERTY TAX LEVY

DISTRIBUTION OF PROPERTY TAX



PROPERTY TAX LEVY INCREASE AND SUBSTANTIAL NEED

- The Board of County Commissioners may raise the tax by up to one percent or the IPD, whichever is less
- The Implicit Price Deflator (IPD) is a calculation of inflation based on the increased value of the Gross Domestic Product (GDP). In 2020 the IPD is 0.602 percent.
- RCW 84.55.0101 allows the board to adopt a Resolution of Substantial Need. Each jurisdiction must define substantial need; there is no legal definition. The MRSC recommends establishing substantial need based on the level of expenditures necessary for general operation and maintenance of county programs plus a fiscally responsible fund balance.
- Offices and departments have presented budgets that show needs in excess of available funds. Considering the additional continuing cost of response to the pandemic, the county can demonstrate substantial need for the full one percent increase.

CALCULATING THE GENERAL FUND PROPERTY TAX LEVY

THURSTON COUNTY NOVEMBER 17, 2020

■ Levy Increase			
■ Last Year's Highest Lawful Levy (excludes refunds)		\$	41,082,600
■ Multiply by one percent		\$	410,826
■ New Construction			
■ Value of new construction	\$	738,529,141	
■ Multiply by last year's levy rate		1.16214	\$ 858,274
■ State Assessed Property			
■ Growth in value of	\$	28,428,646	
■ Multiply by last year's levy rate		1.16214	\$ <u>33,038</u>
■ Highest Lawful Levy			\$ 42,384,738
■ Refund Levy Amounts			\$ <u>253,713</u>
■ Property Tax Levy			\$ 42,638,451
■ Add Road Levy Shift \$2,750,000			\$ 45,388,451

Calculate the levy rate:

divide Highest Lawful Levy by Assessed Value $\$ 40,692,145,790 = \$ 1.11541$ per thousand

LEVY RESOLUTION

“An increase in the estimated Current Expense property tax levy is hereby authorized for the levy to be collected in the 2021 tax year. The dollar amount of the increase over the actual levy amount from the previous year shall be \$323,968.82 which is a percentage of increase of 0.7869154474% from the previous year.”

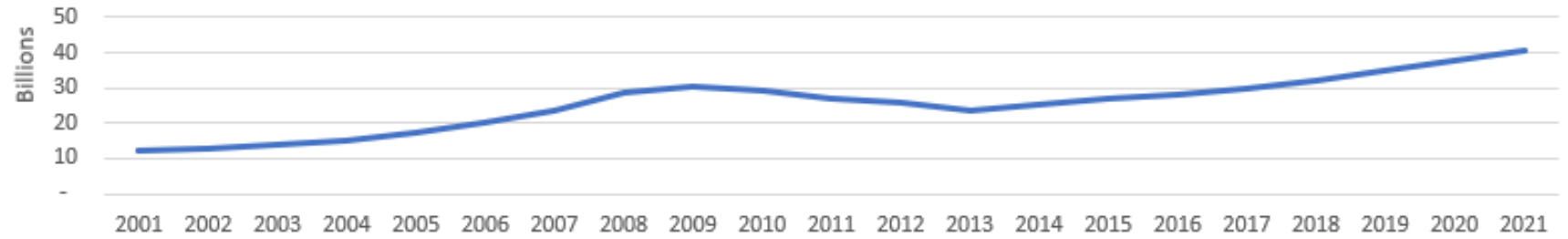
- RCW 84.55.120(3)(b) states the levy resolution must state the dollar and percentage increase excluding new construction or improvements to properties or increases in the value of state-assessed property.
- Last year’s highest lawful levy multiplied by 101%, minus last year’s actual levy = increase on the resolution

$$\$41,082,600.23 \times 101\% = \$41,493,426.23 - \$41,169,457.41 = \$323,968.82$$

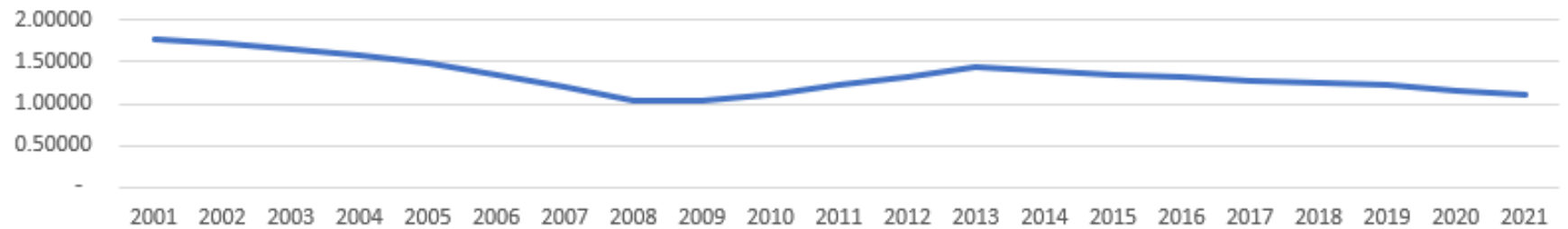
$$\$323,968.82 / \$41,169,457.41 = 0.007869154474$$

GENERAL FUND PROPERTY VALUE, TAX RATE AND LEVY

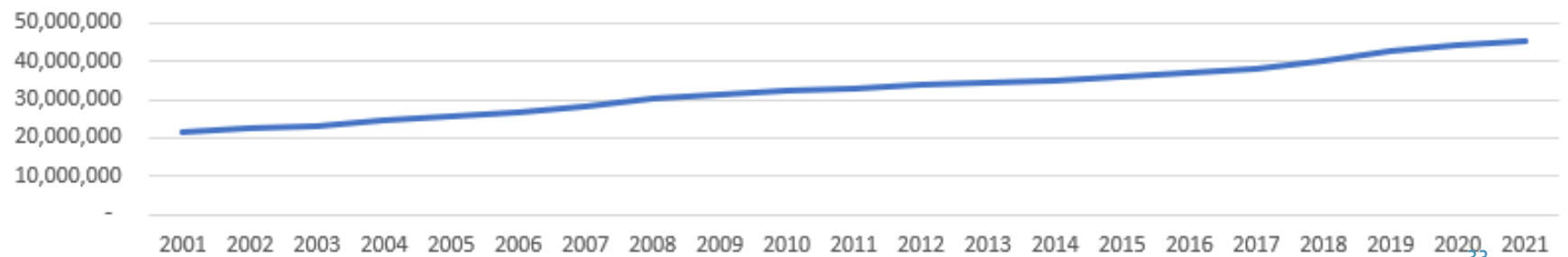
Property Value in Thurston County - Dollars in Billions



Current Expense Tax Rate per \$1,000 of Property Value



Current Expense Property Tax Levy



Year	Home Value	Rate	GF Tax	Increase
2017	280,000	1.26391	353.89	
2018	315,000	1.25237	394.50	40.60
2019	346,000	1.21646	420.90	26.40
2020	395,000	1.16214	459.05	38.15
2021	423,000	1.11541	471.82	12.77

INCREASE IN PROPERTY TAX PAYMENTS – GENERAL FUND

GENERAL FUND BUDGET ASSUMPTIONS

In total, the general fund levy increased \$1,122,000 from 2020 to 2021.

This in part reflects a reduction in the road levy shift from \$3,000,000 to \$2,750,000

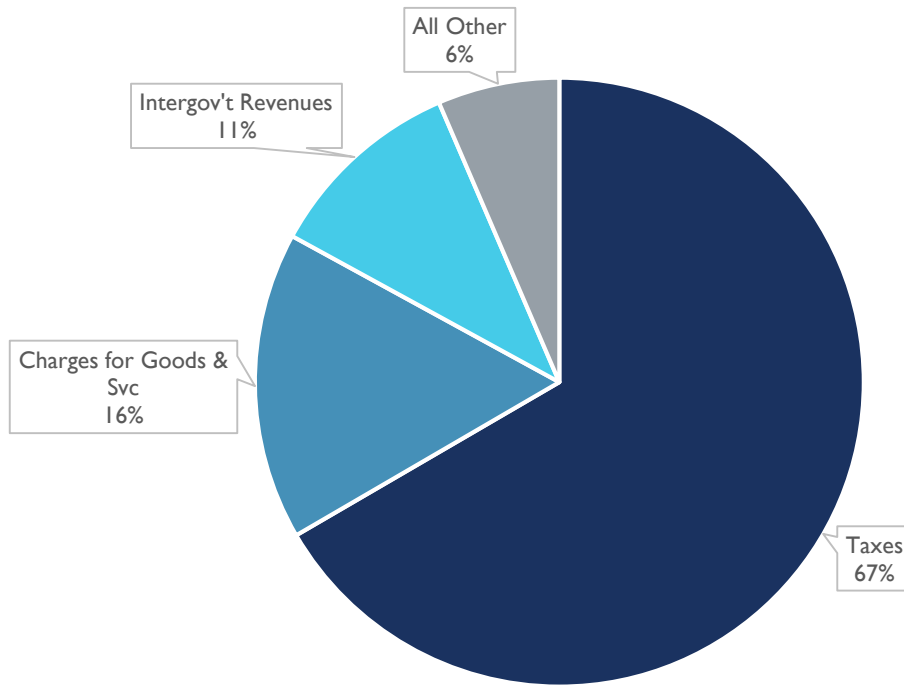
Sales tax is currently tracking slightly above the pre-COVID forecast. It is unknown if that will continue.

There is a significant decrease in the general fund 2021 revenue because COVID-19 response grants end in December 2020. However, COVID-related expenses will continue.

All revenue added to the general fund other than the major taxes was from grants.

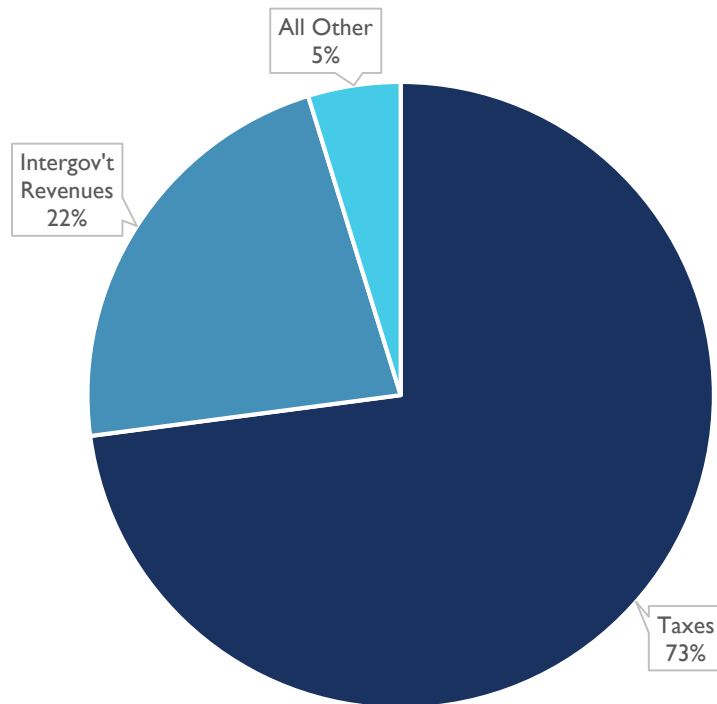
Expenditures in the general fund decreased by \$7.2 million, mainly due to COVID grant funding coming to an end.

GENERAL FUND REVENUE



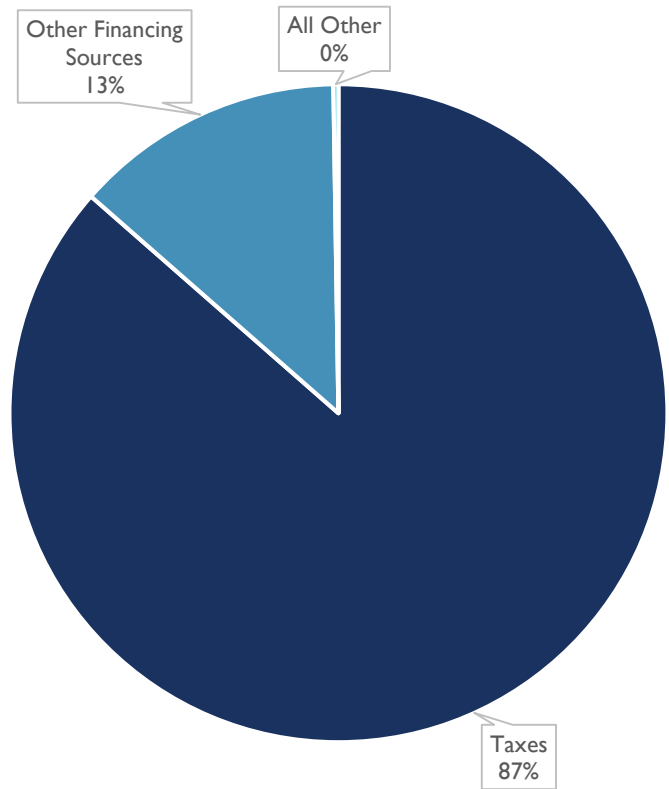
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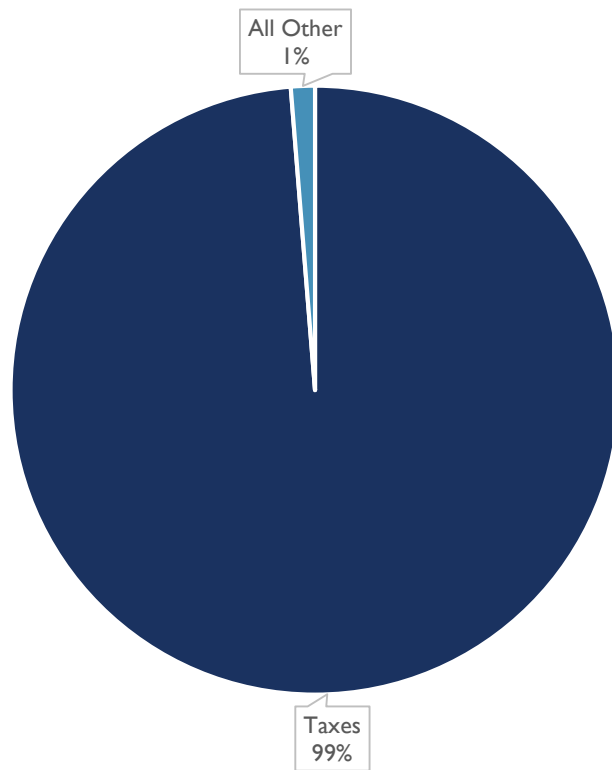
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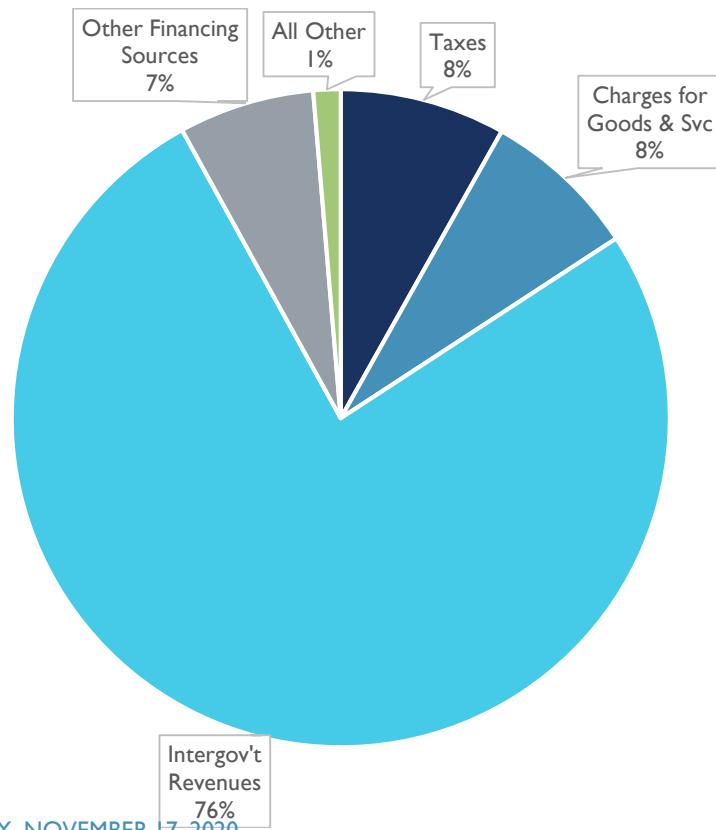
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BEHAVIORAL HEALTH AND VETERAN FUNDS

State laws allow for property taxes to be used to support mental health, developmental disability and veteran services. These amounts must be deducted from the levy for the general fund.

- The levy for Mental Health and Developmental Disability services is \$0.025 per \$1,000, \$1,017,303.64
- The levy for Veterans services is \$0.01125 per \$1,000, \$457,786.64

PUBLIC HEALTH FUND (#1500)



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BOARD ACTIONS

- Consider adopting a substantial need resolution
- Consider increasing the property tax by up to one percent
- Adopt the property tax levies and certify them to the County Assessor

FOR MORE INFORMATION:

- Ramiro Chavez, County Manager
 - Robin Campbell, Assistant County Manager
 - Denise Doty, Senior Management Analyst
 - Patty Roseto, Senior Management Analyst
 - 360-786-5440
-
- The 2021 Preliminary Budget will be available November 23rd on the Thurston County Budget Website at:
<https://www.thurstoncountywa.gov/bocc/Pages/budget.aspx>