



LYNNWOOD FINANCE COMMITTEE - regular Finance Committee meeting

Conference room 4, City Hall

WEDNESDAY, APRIL 24, 2024 3:00 PM

-
1. CALL TO ORDER
 2. ROLL CALL
 3. FINANCIAL REPORTS
 - 3.A [Sales Tax Report](#) - 30 minutes
Michelle Meyer, Finance Director
 4. DISCUSSION ITEM
 - 4.A [Property Tax Levy Overview](#) - 20 minutes
Michelle Meyer, Finance Director
 - 4.B [American Rescue Plan Act Update](#) - 20 minutes
Michelle Meyer, Finance Director
 5. ADJOURN

FINANCE COMMITTEE 3.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Sales Tax Report

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of Sales Tax Revenues through March 2024

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

30

BACKGROUND:

The City receives Sales Tax revenue distributions on a monthly basis for sales that occurred two months prior. Detailed reports through January 2024 sales (revenues received through March 2024) will be reviewed.

SUGGESTED ACTION:

Review of Sales Tax detail

PREVIOUS COUNCIL ACTIONS:

The Finance Committee reviews monthly sales tax detail at each meeting.

DEPARTMENT ATTACHMENTS

Description:

[Lynnwood Sales Tax Analysis Through Mar 2024.pdf](#)

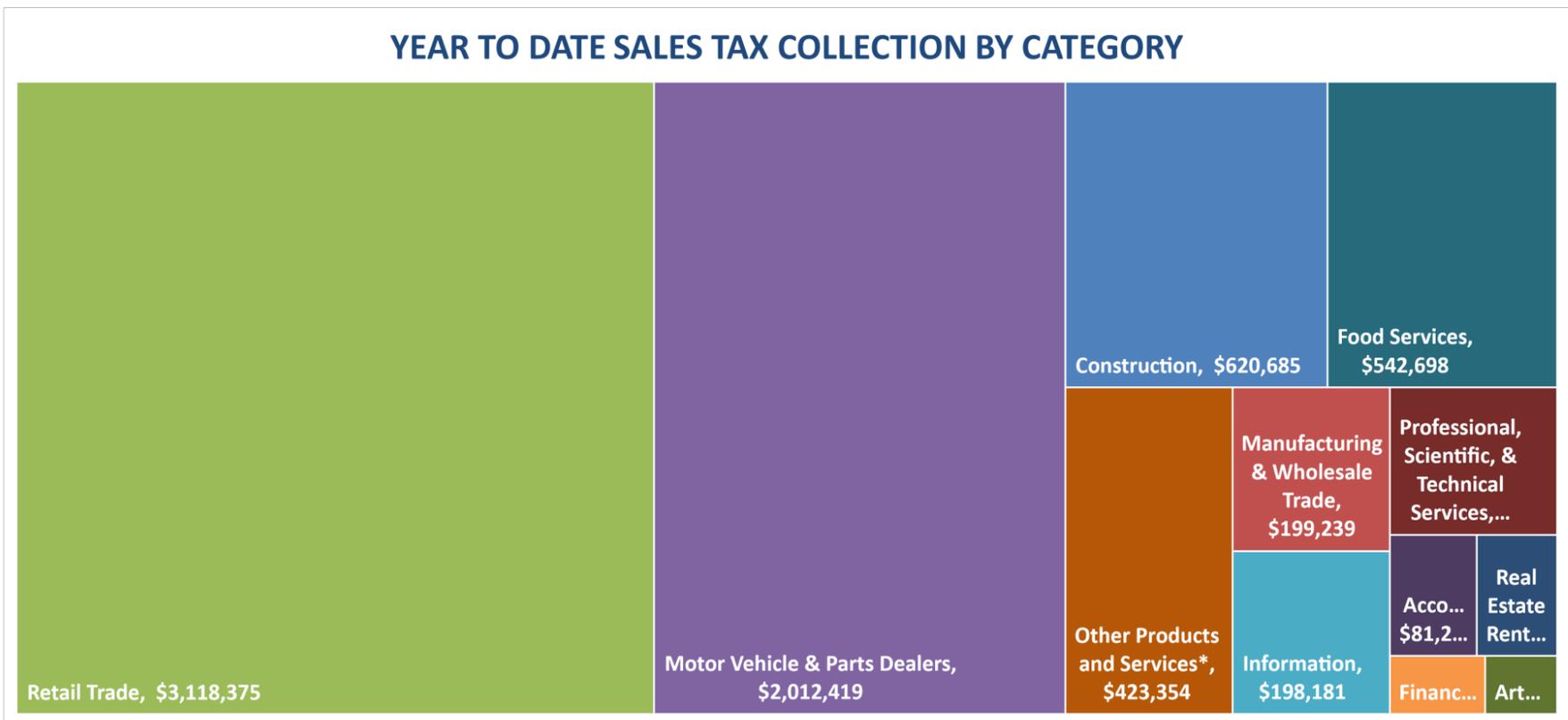


Sales Tax Analysis - Annual Summary
March 2024

Tax Categories	Jan - Mar 2021	Jan - Mar 2022	Jan - Mar 2023	Jan - Mar 2024
Construction	\$ 627,604	\$ 760,989	\$ 839,534	\$ 620,685
Manufacturing & Wholesale Trade	242,590	193,092	204,907	199,239
Retail Trade	2,221,461	2,450,340	3,198,799	3,118,375
Motor Vehicle & Parts Dealers	1,473,425	1,751,907	2,041,871	2,012,419
Information	150,772	154,442	194,059	198,181
Finance & Insurance	80,619	91,057	62,723	42,882
Real Estate Rental and Leasing	64,564	72,778	78,289	75,145
Professional, Scientific, & Technical Services	186,302	141,984	173,511	190,770
Arts, Entertainment, & Recreation	16,939	32,511	37,559	32,470
Accommodation	34,942	60,339	71,542	81,284
Food Services	331,906	416,455	505,369	542,698
Other Products and Services*	331,594	418,771	455,757	423,354
Total Sales Tax Collected**	\$ 5,762,718	\$ 6,544,665	\$ 7,863,920	\$ 7,537,502
Budgeted Sales Tax Collections	\$ 24,453,852	\$ 24,744,533	\$ 30,180,485	\$ 30,320,115
Realized Revenue as Compared to Budget	24%	26%	26%	25%

*Categories with small amounts of sales tax revenues have been combined

**Totals do not reflect deduction of admin fees paid to the State

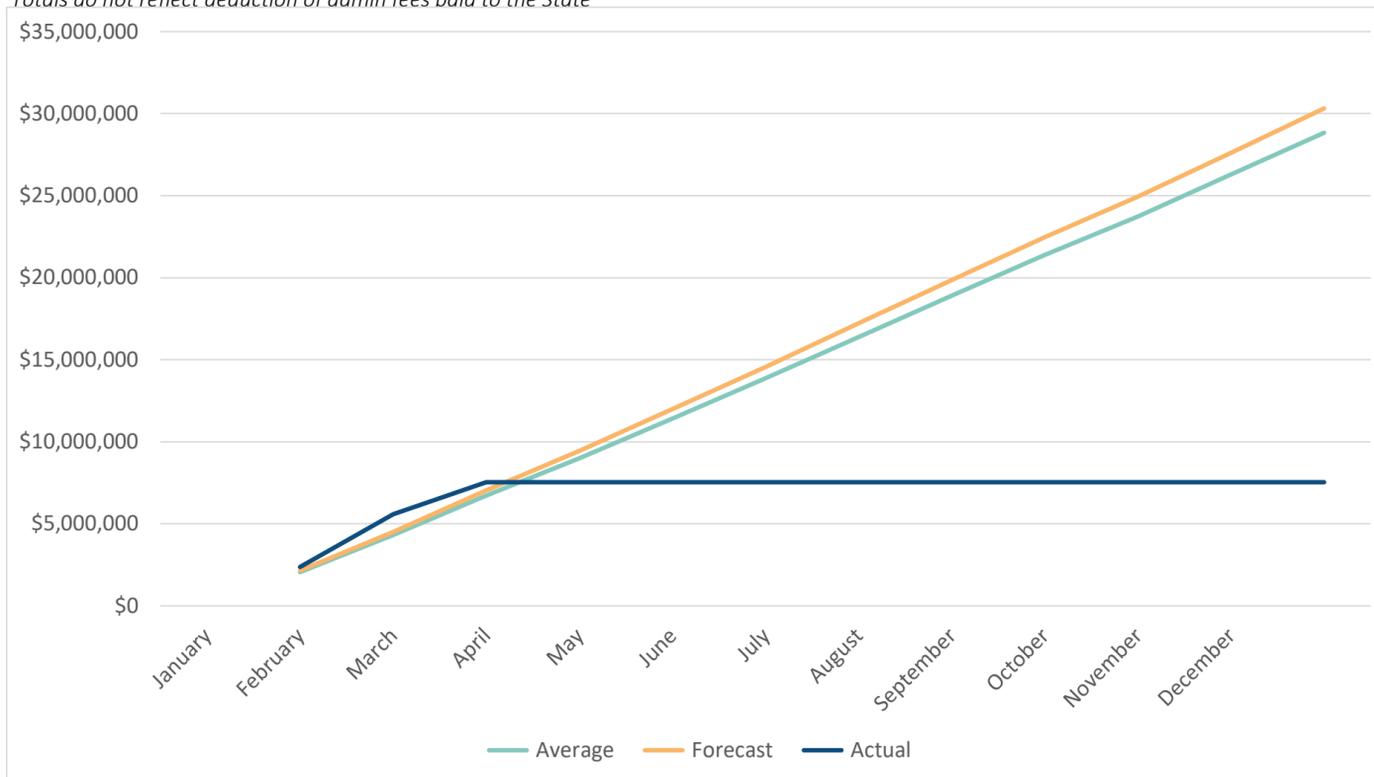




Sales Tax Analysis - Annual Summary
March 2024

	2021	2022	2023	3-Year Average Collection 2021 - 2023		Forecast 2024	Actual 2024	% Change 2023 - 2024
				Rate	Amount			
January	\$ 1,673,176	\$ 1,901,554	\$ 2,599,134	7.09%	\$ 2,057,955	\$ 2,150,616	\$ 2,371,961	-9.58%
February	1,733,822	2,074,600	2,998,393	7.80%	2,268,938	2,366,223	3,222,618	6.96%
March	2,355,721	2,568,511	2,266,393	8.34%	2,396,875	2,527,224	1,942,924	-16.65%
April	2,267,311	2,271,016	2,250,419	7.87%	2,262,915	2,385,189	-	NA
May	2,286,659	2,404,505	2,601,481	8.43%	2,430,882	2,555,588	-	NA
June	2,456,345	2,631,081	2,257,083	8.52%	2,448,170	2,583,479	-	NA
July	2,405,512	2,485,666	2,638,901	8.71%	2,510,026	2,640,648	-	NA
August	2,370,461	2,380,789	2,806,745	8.73%	2,519,332	2,646,757	-	NA
September	2,348,178	2,485,667	2,636,686	8.64%	2,490,177	2,618,532	-	NA
October	2,191,649	2,380,788	2,500,321	8.17%	2,357,586	2,478,280	-	NA
November	2,296,275	2,734,292	2,583,228	8.80%	2,537,932	2,668,133	-	NA
December	2,717,369	2,658,770	2,284,092	8.90%	2,553,410	2,699,446	-	NA
Total Sales Tax Collected**	\$ 27,102,477	\$ 28,977,239	\$ 30,422,876			\$ 30,320,115	\$ 7,537,503	
Percentage Increase(Decrease)		6.47%	4.75%					

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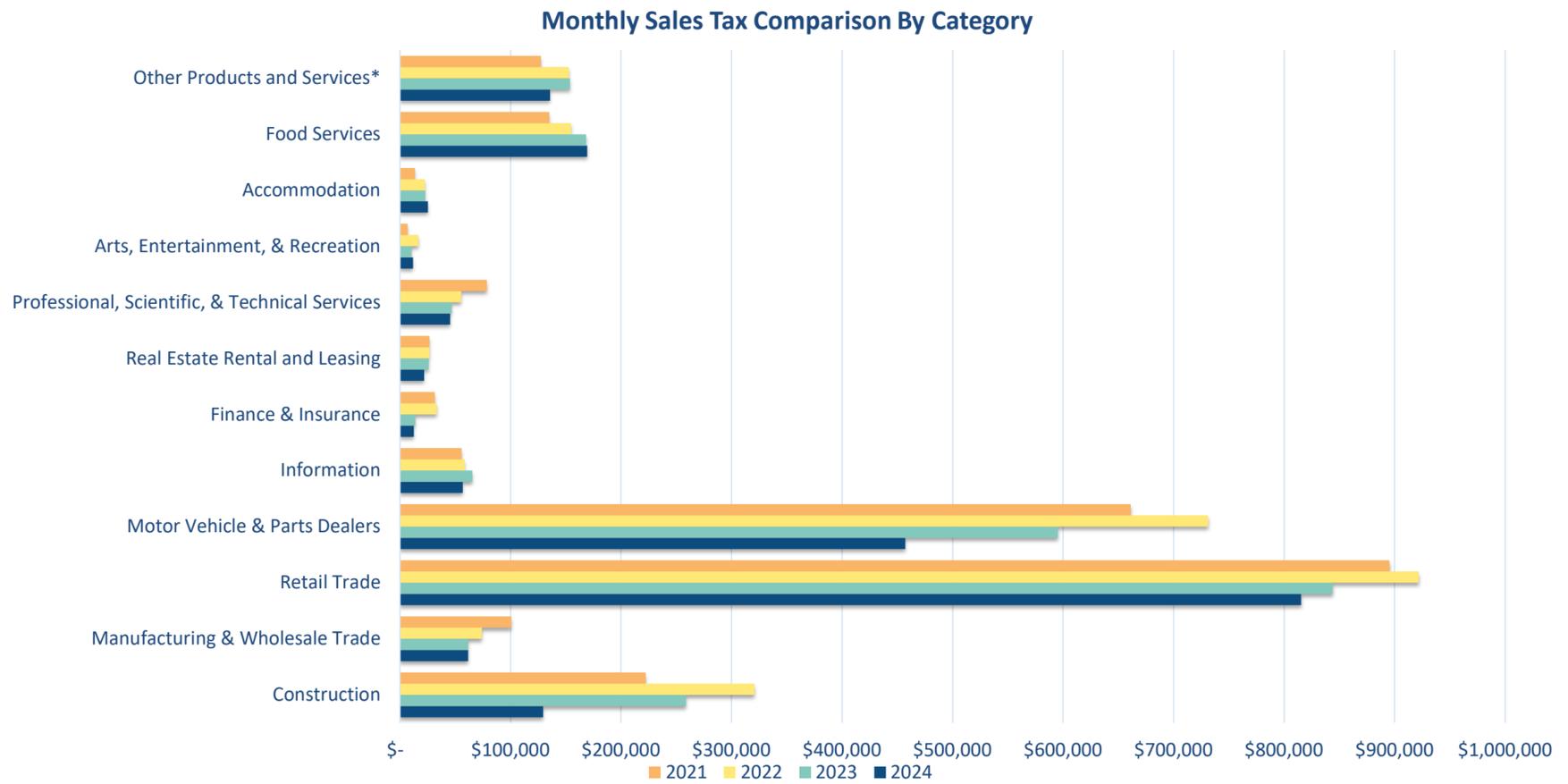




Sales Tax Analysis - Monthly Comparison
March 2024

Tax Categories	March 2021	March 2022	March 2023	March 2024	Change in Collections from Prior Year	
	\$	\$	\$	\$	\$	%
Construction	\$ 222,278	\$ 320,577	\$ 258,701	\$ 129,642	\$ (129,059)	(49.89%)
Manufacturing & Wholesale Trade	100,683	74,169	61,594	61,810	216	0.35%
Retail Trade	895,281	921,504	843,832	815,474	(28,358)	(3.36%)
Motor Vehicle & Parts Dealers	661,347	731,239	594,935	457,203	(137,732)	(23.15%)
Information	55,891	58,405	65,614	56,764	(8,850)	(13.49%)
Finance & Insurance	31,572	33,430	13,731	12,451	(1,280)	(9.32%)
Real Estate Rental and Leasing	26,669	26,797	26,007	21,684	(4,323)	(16.62%)
Professional, Scientific, & Technical Services	78,775	55,574	46,752	45,550	(1,202)	(2.57%)
Arts, Entertainment, & Recreation	6,892	16,631	10,348	11,822	1,474	14.24%
Accommodation	13,624	22,548	22,882	25,383	2,501	10.93%
Food Services	135,236	154,805	168,269	169,326	1,057	0.63%
Other Products and Services*	127,472	152,832	153,727	135,815	(17,912)	(11.65%)
Total Sales Tax Collected**	\$ 2,355,718	\$ 2,568,511	\$ 2,266,392	\$ 1,942,924	\$ (323,468)	-14.27%

*Categories with small amounts of sales tax revenues have been combined. **Totals do not reflect deduction of admin fees paid to the State





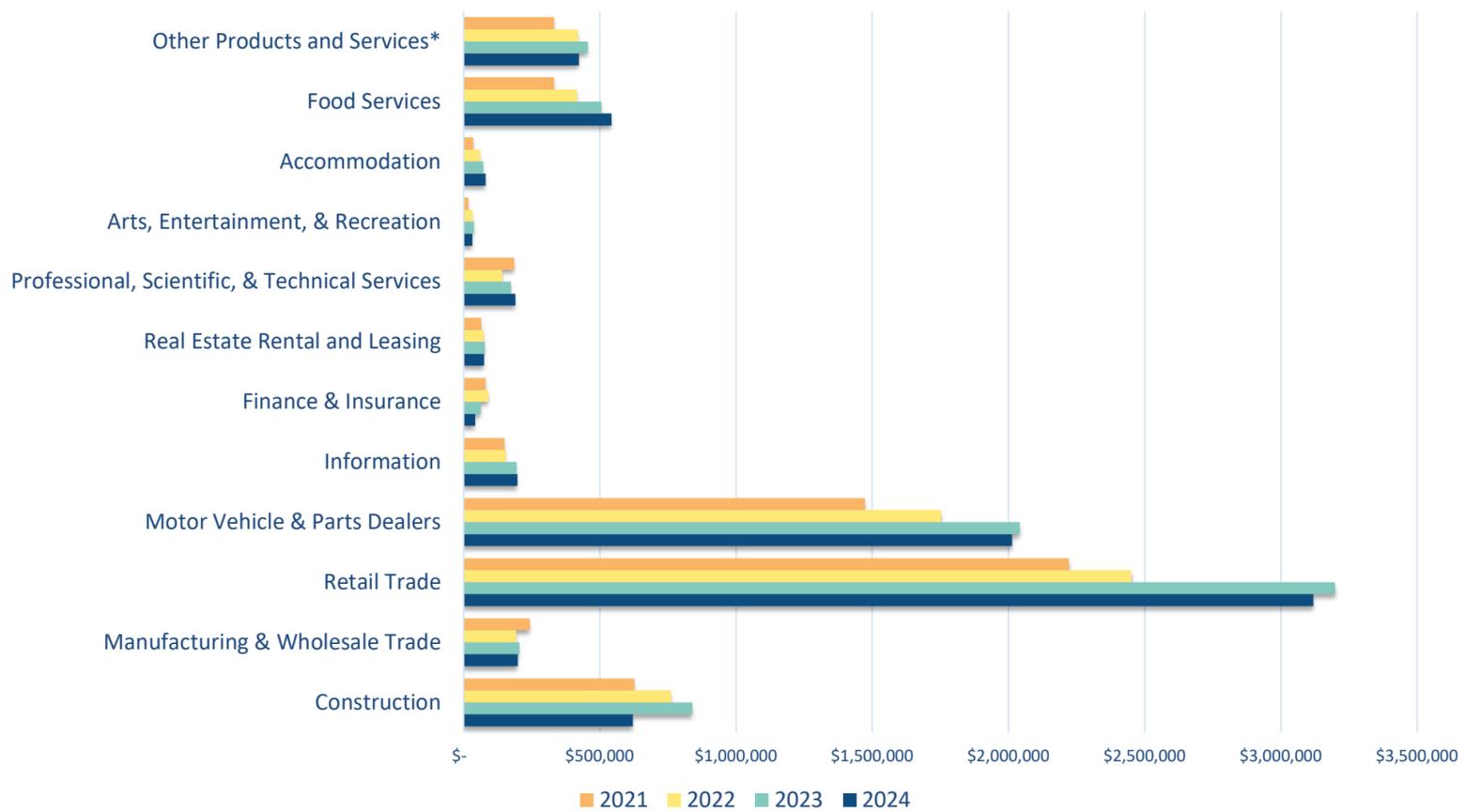
Sales Tax Analysis - Quarterly Comparison
2024 Quarter 1

Tax Categories	Quarter 1	Quarter 1	Quarter 1	Quarter 1	Change in Collections	
	2021	2022	2023	2024	\$	%
Construction	\$ 627,604	\$ 760,989	\$ 839,534	\$ 620,685	\$ (218,849)	(26.07%)
Manufacturing & Wholesale Trade	242,590	193,092	204,907	199,239	(5,668)	(2.77%)
Retail Trade	2,221,461	2,450,340	3,198,799	3,118,375	(80,424)	(2.51%)
Motor Vehicle & Parts Dealers	1,473,425	1,751,907	2,041,871	2,012,419	(29,452)	(1.44%)
Information	150,772	154,442	194,059	198,181	4,122	2.12%
Finance & Insurance	80,619	91,057	62,723	42,882	(19,841)	(31.63%)
Real Estate Rental and Leasing	64,564	72,778	78,289	75,145	(3,144)	(4.02%)
Professional, Scientific, & Technical	186,302	141,984	173,511	190,770	17,259	9.95%
Arts, Entertainment, & Recreation	16,939	32,511	37,559	32,470	(5,089)	(13.55%)
Accommodation	34,942	60,339	71,542	81,284	9,742	13.62%
Food Services	331,906	416,455	505,369	542,698	37,329	7.39%
Other Products and Services*	331,594	418,771	455,757	423,354	(32,403)	(7.11%)
Total Sales Tax Collected**	\$ 5,762,718	\$ 6,544,665	\$ 7,863,920	\$ 7,537,502	\$ (326,418)	(4.15%)

*Categories with less significant amounts of sales tax revenues have been combined

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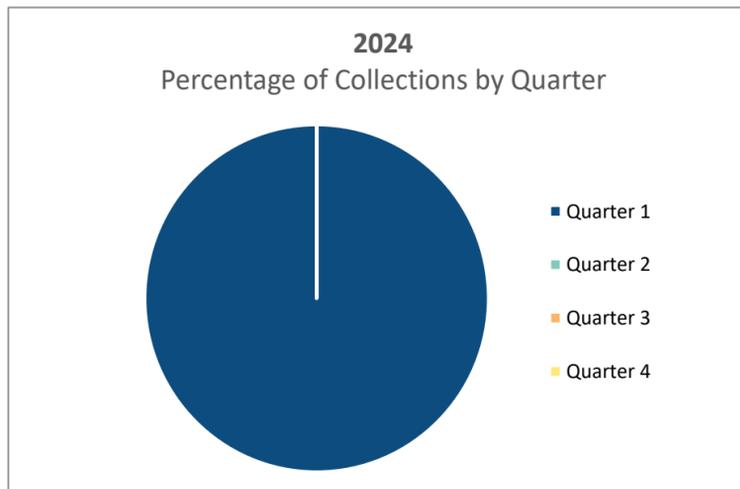
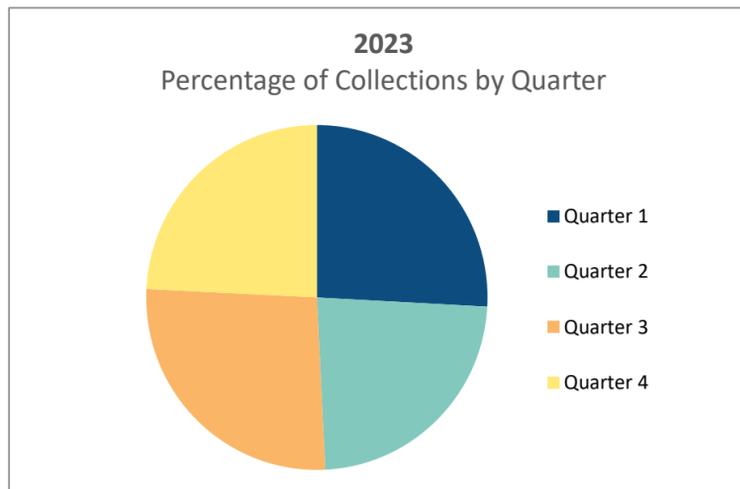
Quarterly Sales Tax Comparison By Category





Sales Tax Analysis - Quarterly Comparison
2024 Quarter 1

Total Gross Sales Tax Earned by Quarter					
	2023		2024		% Change
Quarter 1	\$	7,863,920	\$	7,537,503	-4.33%
Quarter 2		7,108,983		-	NA
Quarter 3		8,082,331		-	NA
Quarter 4		7,367,642		-	NA
Total	\$	30,422,876	\$	7,537,503	



Financial Policy Comparison					
	Two most recent Quarters		Same period one year ago	% Change	
Q1 2024	\$	7,537,502			
Q4 2023		7,367,642			
Q1 2023			7,863,920		
Q4 2022			7,773,850		
Total	\$	14,905,144	\$	15,637,770	-4.92%

FINANCE COMMITTEE 4.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Property Tax Levy Overview

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of specific property tax levy exemptions and lid lifts etc.

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

The City of Lynnwood has one regular property tax levy that is included in the General Fund. For 2024, the levy amount is \$4,725,000 with approximately \$6 million remaining in banked capacity.

Information regarding the following property tax levy topics is attached will be reviewed:
Multifamily Housing Tax Exemption (MFTE)
Levy Lid Lifts

SUGGESTED ACTION:

Overview of property tax levy rules in Washington State

DEPARTMENT ATTACHMENTS

Description:

[Commerce MFTE - FACTSHEET What is Tax Shift - 2023 0126.pdf](#)

[MRSC Levy Lid Lift Info.pdf](#)

What is Tax Shift?

MFTE (Multifamily Housing Tax Exemption) programs can be an effective way of incentivizing market-rate and affordable housing options. To understand how it works stakeholders often ask, "Where does the money come from to pay for the exemption?"

This question can be hard to answer because of how property taxes work in Washington State. When making decisions about an MFTE program, it is important to consider possible tax and revenue impacts.

Generally, these impacts can be distributed in two ways:

- **Foregone tax revenues** that are not collected, which reduce total revenues for a city and other taxing districts (e.g., the port, county, school district, state, etc.).
- A **shift of tax obligations** to all other payers of property taxes in these districts, where there is an increase in taxes collected to offset the losses from the exemption.

How these costs are distributed depends on two things:

- **Levy limits** provided under [RCW 84.55.010](#) mean that property tax levies are restricted to no more than a 1% increase in revenue from the assessed value from the previous year. This restricts how much cities and other districts can raise property taxes on these properties to make up this difference and can mean that deferred taxes will be foregone revenue for these jurisdictions.
- However, **projects that receive MFTEs could still increase that total levy**. Under [WAC 458-12-342](#), county assessors must assess building value during construction and add it to these levy limits, which may not be removed from the total levy amount before the final certificate for exemption is received and the exemption begins.

The amount of tax shift versus deferred revenue depends in part on the practices of the county assessor. However, there are currently no requirements for assessors to consider MFTE in these levy limits. If cities do not consider these effects, an MFTE can shift most or even all of the exempted tax obligations to other properties.



What is MFTE?

MFTE (Multifamily Housing Tax Exemption) programs are property tax waiver programs enacted by cities and counties to support local housing goals.

Under Chapter 84.14 RCW, local governments can give exemptions for new construction, conversion, and rehabilitation of multifamily residential improvements with at least four units.

These exemptions can be provided for different lengths. The eight-year exemption does not require affordable housing, but the 12- and 20-year options have additional requirements to provide on-site affordable units.

Agency contact:

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SENIOR PLANNER

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Phone: 509.638.5449



Tax Shift Considerations

If an MFTE is supported through tax shifts, there are some important policy considerations:

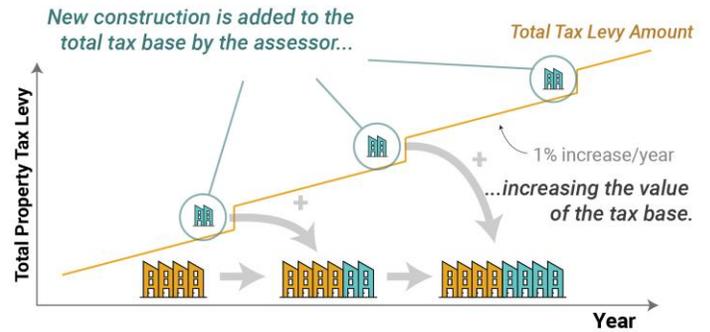
- **Communities may be less likely to support incentives** for market-rate development that use property tax increases, especially for high-end projects that do not seem to provide public benefits.
- **Shifted tax obligations are not usually calculated**, meaning that the full impacts of this program may not be transparent, especially to affected property owners.
- Depending on the popularity of the program, the total increases in property taxes could be **equivalent in magnitude to affordable housing levies** that would require voter approval and have tighter requirements ([RCW 84.55.150](#)).

Foregone Revenue Considerations

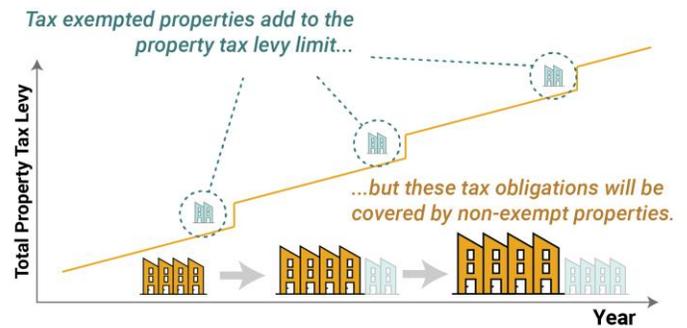
On the other hand, if a city foregoes tax revenue to support MFTEs, there may be other policy concerns:

- **Communities will have reduced long-term tax revenues** from the MFTE program, especially if they will be foregoing most or all of the exempted tax revenue. This can have a significant fiscal impact on local budgets.
- **Other taxing districts may be impacted** by tax exemptions but are not in a position under the statute to object to a community's MFTE program. This can have some significant effects on special districts that cannot make up for this lost revenue in other ways.
- **The total budget impacts may be more unpredictable**, especially without limitations on the number of exemptions issued by the community. However, placing limits on the number and value of exemptions could affect the ability of the MFTE program to meet housing goals.

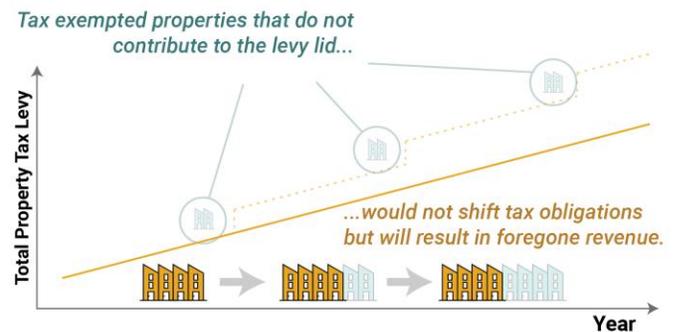
Under typical situations, total property tax levies will increase by 1% over the previous year (plus new development):



If new construction value is added to the levy limit but exempted from property taxes through the MFTE, property tax obligations will be shifted to the rest of the tax base:



However, if exempted value is taken out of the levy limit in some way, the tax levy amount will decrease. This will reduce tax revenue, but note that this is not usually done by assessors in practice.



Levy Lid Lifts

This page provides an overview of the property tax levy lid lift for all cities, counties, and special purpose districts in Washington State, including informational graphics and sample documents.

For a more comprehensive discussion of the intricacies of the property tax in Washington State, refer to MRSC's [City Revenue Guide](#) and [County Revenue Guide](#), or the Department of Revenue's [Property Tax Levies Operations Manual](#).

Levy lid lifts are a complicated issue and if you are considering such a ballot measure it is important to seek guidance from legal counsel.

[On this Page](#) [show]

Overview

The passage of Initiative 747 in 2001 established a “101% levy limit” limiting the amount that any taxing jurisdiction can increase its regular property tax levy (the total amount of revenue collected) from current assessed valuation (excluding new construction) without voter approval. The state Supreme Court struck down the initiative in 2007, but the legislature reinstated it.

The levy limit is as follows:

- **Taxing districts under 10,000 population** may not increase the *total levy amount* collected from current assessed valuation by more than 1% annually (the “levy lid”).
- **Taxing districts with a population of 10,000 or more** may not increase the *total levy amount* collected from current assessed valuation by more than 1% annually or the rate of inflation, whichever is lower. However, if the inflation rate is below 1%, these jurisdictions may adopt resolutions of “substantial need” to increase the levy up to 1 percent. For more on the inflation rate and resolutions of substantial need, see our [Implicit Price Deflator](#) webpage.

Note: These tax limits apply only to current assessed valuation and do not affect property tax levies from new construction or increases in state-assessed utility valuation.

The 101% limit obviously restricts revenue growth, especially for jurisdictions that are heavily dependent on property taxes and whose costs are increasing more than 1% per year due to inflation, salary and benefit costs, and other factors. (To see property tax vs. sales tax reliance for all cities and towns in Washington, see our [Tax Reliance Map](#).)

If property values are increasing more than 1% per year within a jurisdiction, the 1% levy limit also puts downward pressure on the maximum allowable levy rates (the tax rate per \$1,000 assessed value), forcing the jurisdiction to collect a lower rate than it used to.

Example of How the 101% Limit Affects Property Tax Rates

Year	Current Assessed Valuation (excluding new construction), assumes 2% annual increase	Maximum Allowable Levy (1% annual increase)	Maximum Allowable Levy Rate/\$1,000 AV
1	\$100,000,000	\$150,000	\$1.50
2	\$102,000,000	\$151,500	\$1.49
3	\$104,040,000	\$153,015	\$1.47
4	\$106,120,800	\$154,545	\$1.46
5	\$108,243,216	\$156,091	\$1.44

However, there are two ways for a jurisdiction to increase its regular levy above the 1% limit:

- **Banked capacity:** A jurisdiction may take *less* than the maximum increase in any given year and “bank” the remaining capacity to use in the future. For more information on banked capacity, see our page [Property Tax in Washington State](#). If you do not know whether your jurisdiction has banked capacity that it can use, ask your county assessor.
- **Levy lid lift:** A taxing jurisdiction may seek voter approval to increase its levy more than 1%, up to the statutory maximum rate, for a specified amount of time.

Most jurisdictions may also submit a special, or excess, levy to their voters to temporarily increase their taxes above the statutory maximums ([RCW 84.52.052](#) for most agencies and [RCW 84.52.130](#) for fire protection districts). However, this is separate from the regular levy, expires after one year for all agencies except fire protection districts, and requires a 60% majority.

What is a Levy Lid Lift?

A taxing jurisdiction that is collecting less than its maximum statutory levy rate may ask a simple majority of voters to “lift” the total levy amount collected from current assessed valuation by more than 1% ([RCW 84.55.050](#) – also see [WAC 458-19-045](#), which provides a better understanding of the process than the statute). The new levy rate cannot exceed the maximum statutory rate.

Levy lid lifts may generate revenue for any purpose, but if the amount of the increase for a particular year would require a levy rate above the statutory maximum tax rate, the assessor will levy only the maximum amount allowed by law.

There are two types of levy lid lifts: single-year lifts (sometimes known as “one-year,” “one-bump,” “basic,” or “original” lifts) and multi-year lifts. However, these names can be confusing, since “single-year” levy lid lifts typically last for multiple years too.

A good way to think of the difference between "single-year" and "multi-year" lid lifts is: How many years can your total levy increase by more than 1 percent?

With a single-year lid lift, you can exceed the 1% annual limit for one year only, and then future increases are limited to 1% (or inflation) for the remainder of the levy. With a multi-year lid lift, you can exceed the 1% annual limit for up to 6 consecutive years.

Single-Year Levy Lid Lifts

The single-year (“one-bump”) lid lift is the original version created by Initiative 747 in 2001. It allows your jurisdiction to increase the maximum levy by more than one percent for *one year only*. That amount is then used as a base to calculate all subsequent 1% levy limitations for the duration of the levy.

Single-year lid lifts may be used for any lawful governmental purpose, including general government operations, and there are no supplanting limitations.

Single-year levy lid lifts can be temporary or permanent.

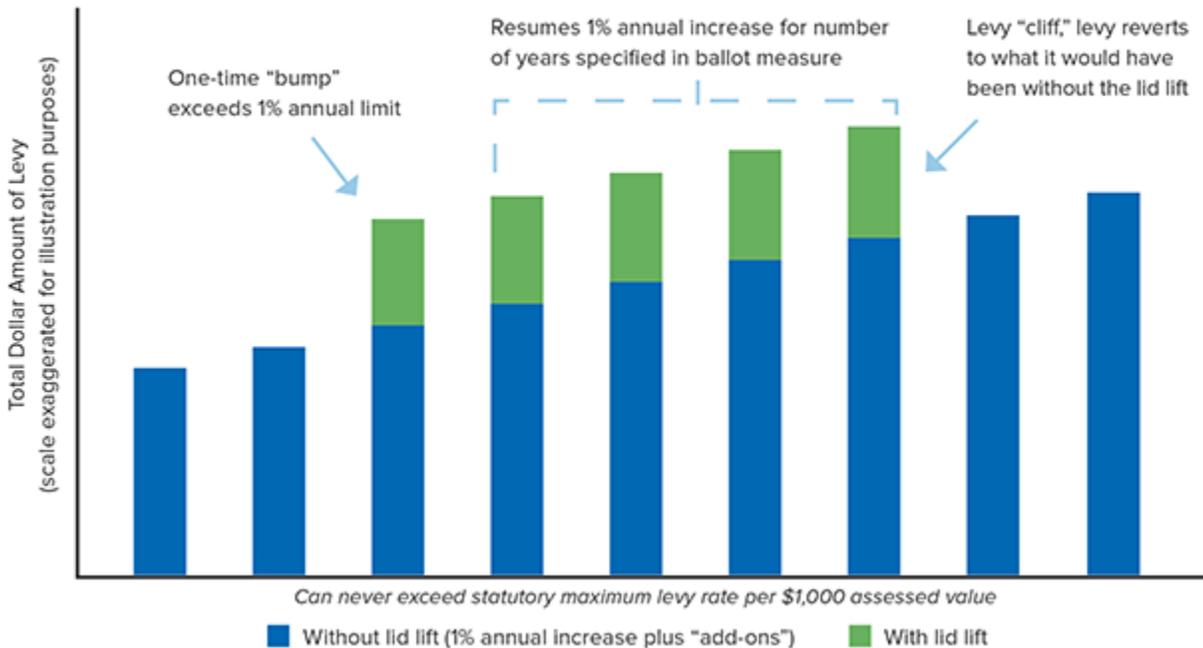
Temporary Single-Year Lid Lifts

With a temporary single-year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all subsequent 1% levy limitations until the measure expires. A temporary lid lift can be used for any purpose and last for any number of years, but if used to pay debt service it may not exceed nine years (except Thurston County, which may increase the levy lid for 25 years).

When the lid lift expires, the levy lid reverts to what it *would have been* if the levy lid lift never existed and the jurisdiction had increased its levy by the maximum allowable amount each year in the meantime ([RCW 84.55.050\(5\)](#)).

See below for a conceptual example (*click on the image to download a larger version*)

SINGLE-YEAR TEMPORARY LEVY LID LIFT

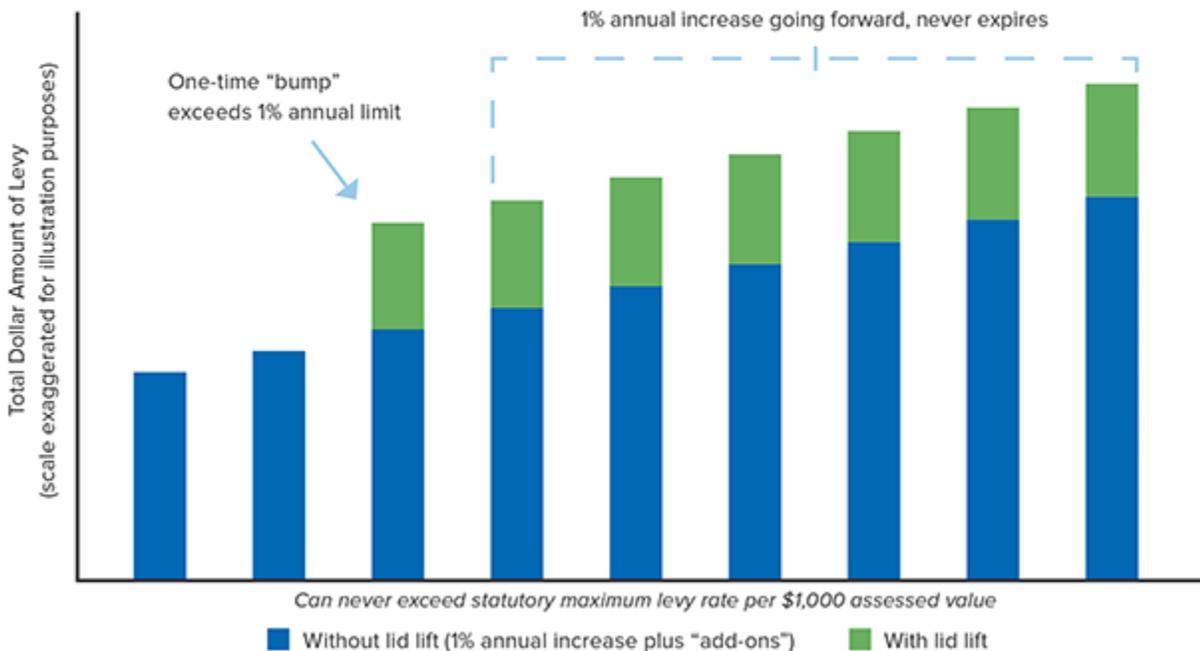


Permanent Single-Year Lid Lifts

With a permanent single-year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all future 101% levy limitations. The measure never expires and the levy lid never reverts. However, future annual increases may not exceed 1% without going to the voters for another lid lift.

See below for a conceptual example (*click on the image to download a larger version*).

SINGLE-YEAR PERMANENT LEVY LID LIFT



Multi-Year Levy Lid Lifts

The state legislature added the "multi-year" levy lid lift option in 2003. Unlike the single-year ("one-bump") levy lid lift, which bumps up once and is then used to calculate the 1% limitation for the remainder of the levy, a multi-year levy lid lift authorizes a jurisdiction to bump up or exceed the 1% limitation *each year* for up to six consecutive years.

A multi-year levy lid lift may be used for any purpose, but the ballot must state the limited purposes for which the increased levy will be used (unlike a single-year lid lift, where there is no requirement to state the purpose).

The lift must state the total tax rate *for the first year only* – it *cannot* state the maximum rate in future years. For all subsequent years, the measure must identify a maximum "limit factor" which the total levy amount may not exceed (stated as an annual percent increase or a specific inflation index). The limit factor does not have to be the same for each year.

For instance, the limit factor might be 3% annually, 6% annually for the first two years and 4% annually after that, or the annual inflation increase as measured by an index such as the Consumer Price Index (CPI).

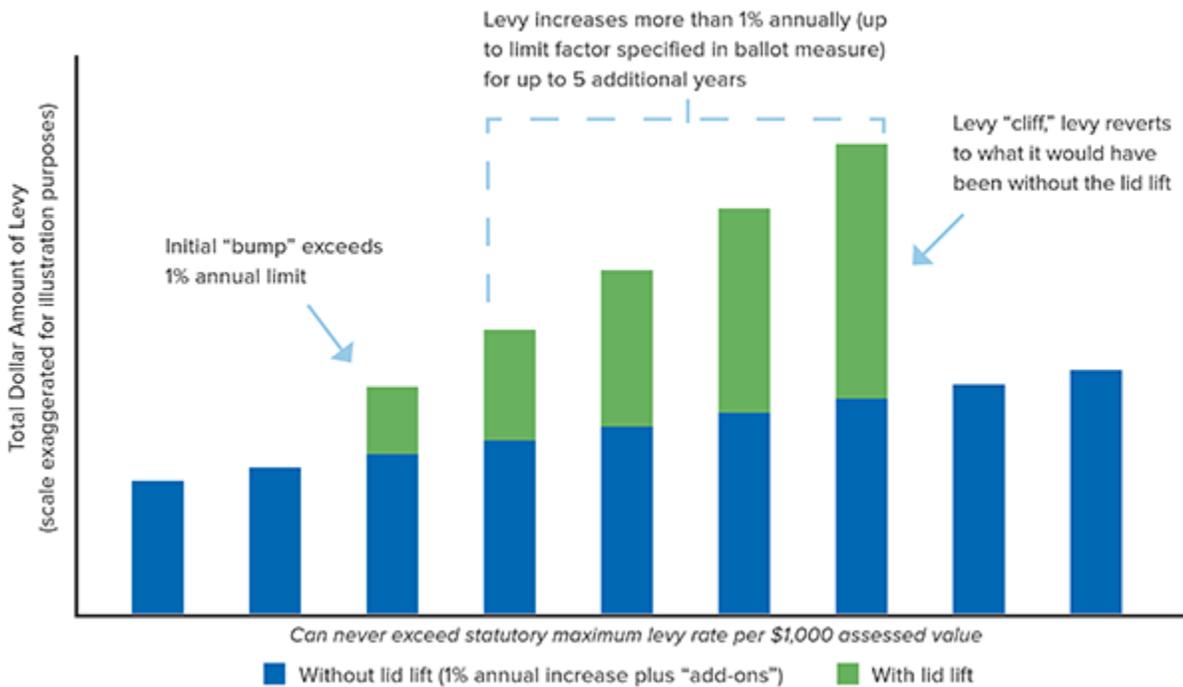
Multi-year lid lifts may be temporary (up to six years) or permanent. Multi-year lid lifts may also be used for debt service for up to nine years, in which case they may fall somewhere in between "temporary" and "permanent."

Temporary Multi-Year Lid Lifts

With a temporary multi-year lid lift, the levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. When the lid lift expires, the levy lid reverts to what it *would have been* if the levy lid lift never existed and the jurisdiction had increased its levy by the maximum allowable amount each year in the meantime ([RCW 84.55.050\(5\)](#)).

See below for a conceptual example ([click on the image to download a larger version](#)).

MULTI-YEAR TEMPORARY LEVY LID LIFT

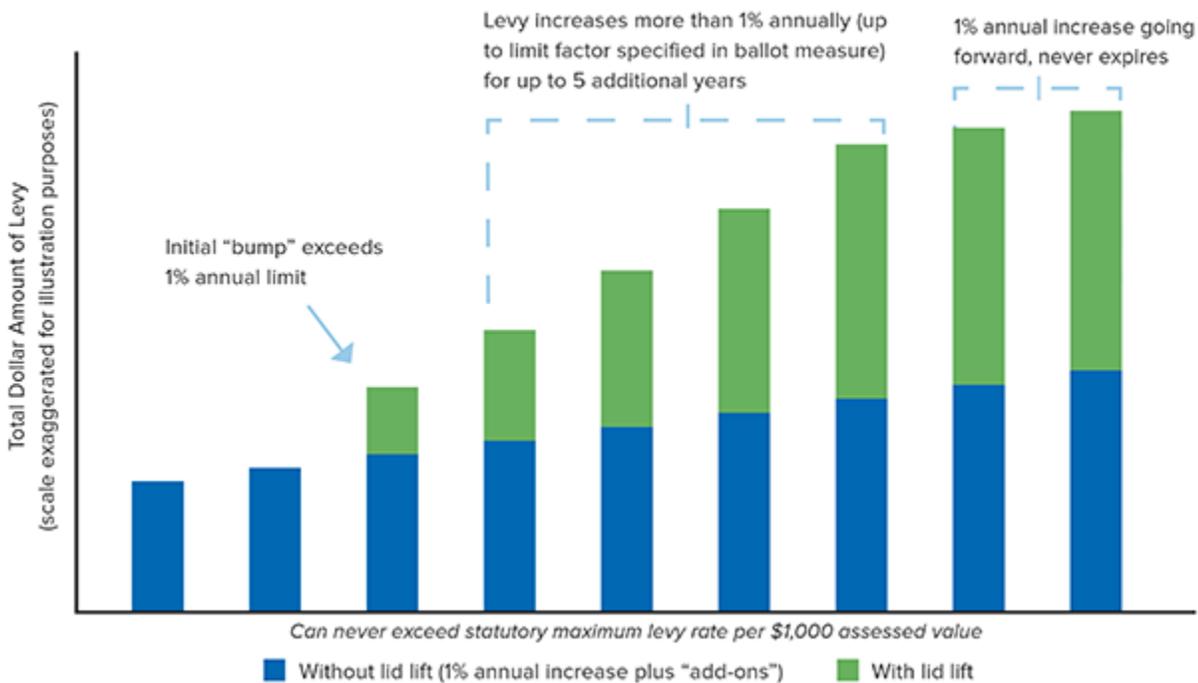


Permanent Multi-Year Lid Lifts

Similarly, with a permanent multi-year lid lift the levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. However, the lid lift does not revert and the maximum levy is then used as the base to calculate all future 1% levy limitations.

See below for a conceptual example ([click on the image to download a larger version](#)).

MULTI-YEAR PERMANENT LEVY LID LIFT



Multi-Year Lid Lifts for Debt Service

If a multi-year lid lift is used to pay debt service, the increased levy may not last for more than 9 years total (25 years for Thurston County). The multi-year lid lift would exceed the 1% limit for up to 6 years, and then the lid would increase up to 1% annually for the remaining years. After no more than nine years, the levy would expire and the levy lid would revert to what it would have been without the lid lift. In this way, a multi-year lid lift for debt service falls somewhere between a temporary (six year maximum) and permanent lid lift.

Choosing a Multi-Year Limit Factor/Inflation Index

A multi-year lid lift must identify a maximum "limit factor" which the total levy amount may not exceed in subsequent years (stated as an annual percent increase or a specific inflation index). The limit factor does not have to be the same for each year.

The main factor to consider when choosing an inflator is how much your assessed valuations are increasing. For instance, if a city seeks to raise its levy lid to its maximum statutory rate of \$3.10 per \$1,000 assessed value, and assessed valuations are rising about 6% annually, the city might want to establish an annual limit factor of 6% (sometimes expressed as 106%) in an attempt to maintain the \$3.10 levy rate. (If the city uses a limit factor of less than 6% in that situation, the levy rate will likely fall in subsequent years as the increase in current assessed valuation outpaces the annual levy lid increase.)

If using an inflation index such as the Consumer Price Index, it is crucial to correctly identify the one you want to use in your ballot measure, since these will vary every year and are beyond the jurisdiction's control.

Practice Tip: The considerations for choosing an inflation index are the same as choosing a consumer price index for a labor contract. See the Bureau of Labor Statistics webpage on [How to Use the Consumer Price Index for Escalation](#).

Figure out when you will want the information, for budgeting purposes, on how much your property tax levy can be increased. Then make certain that the CPI index you have chosen will be available by that date. For example, the U.S. CPI figures are published monthly between the 15th and 20th following the end of the previous month, while the Seattle-Tacoma-Bremerton index is published bimonthly in odd-numbered months (for the preceding even-numbered month).

For more information on the CPI, including recent inflation rates, see our [Consumer Price Index](#) page.

Supplanting Restrictions for Multi-Year Lid Lifts

Jurisdictions in King County may have supplanting restrictions, although this statute has been amended multiple times to temporarily remove the restrictions ([RCW 84.55.050\(2\)\(b\)](#)). For example, if a city is subject to supplanting restrictions, the city may not use a levy lid lift for a popular program such as emergency medical services while moving existing EMS funds to pay for a less popular program such as new computer systems. For supplanting purposes, “existing funds” means the actual operating expenditures for the calendar year in which the ballot measure is approved by voters.

However, these jurisdictions *may* use a multi-year levy lid lift to replace lost funding due to lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the jurisdiction’s control, and major nonrecurring capital expenditures.

There are no supplanting limitations for jurisdictions outside King County.

Election Dates

When deciding on an election date for a levy lid lift, there are a number of factors to consider. Single-year lid lifts may be submitted to the voters at any special, primary, or general election, but multi-year lid lifts are limited to the primary or general election.

Your election date will determine (assuming the measure passes) when you will get your first tax receipts. Levy lid lifts must be submitted no more than 12 months before the levy is made (the date your budget is certified), and taxes levied in November are first due on April 30 of the following year. This means to receive increased tax revenues next year, your election can be no later than November of the current year.

Below are the filing deadlines by which your county auditor must receive your ballot measure resolution ([RCW 29A.04.321](#)):

- **Special election (February or April):** 60 days before the special election
- **Primary election (August):** the Friday before the first day of regular candidate filing
- **General election (November):** the date of the primary election

If you wait until September or October, during budget discussions, to begin discussing a levy lid lift for the coming year, it is too late because the general election deadline has passed. It pays to plan ahead!

Practice Tip: Councils and commissions should ask around to find out what other elections will be coming up during the coming year. You may not want to go head-to-head with a school levy election or a voted bond issue.

Ballot Measure Requirements

All levy lid lifts require a simple majority (50% plus one) for passage. Levy lid lifts do *not* have any validation (minimum voter turnout) requirements. However, there are slightly different ballot requirements for single-year and multi-year lid lifts.

Local Ballot Measures: For general information on ballot measures, including ballot title composition, pro and con committees, and more, see our page [Local Government Ballot Measures](#). In addition, levy lid lifts have a number of specific ballot title requirements as indicated below.

Local governments are limited in what they can do to support a ballot measure. For more information, see our page on [Use of Public Facilities in Election Campaigns](#).

Single-Year Lid Lift Ballot Requirements

A single-year lid lift ballot measure must:

- State the *maximum tax rate* to be imposed in the first year (for instance, \$1.50 per \$1,000 AV).
- If temporary, state the total duration of the levy (number of years).
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies.
- State the exemption for senior citizens and persons with disabilities under [RCW 84.36.381](#), if the jurisdiction wishes to exempt these individuals (*cities and counties only*)

The ballot measure does not have to state:

- The purpose, although doing so is a good idea
- The *increase* in the levy rate (for instance, an increase of \$0.20 per \$1,000 AV), although some jurisdictions do so
- The maximum total levy *amount* (for instance, a total levy amount of \$300,000)

Multi-Year Lid Lift Ballot Requirements

A multi-year lid lift ballot measure must:

- State the total levy duration (number of years)
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies.
- State the maximum tax *rate* to be collected in the first year (for instance, \$1.50 per \$1,000 AV)
- State the *limit factor* to be used for all subsequent years (stated as an annual percent increase or inflation index). The amounts do not need to be the same for each year.
- State the exemption for senior citizens and persons with disabilities under [RCW 84.36.381](#), if the jurisdiction wishes to exempt these individuals (*cities and counties only*)

The ballot measure *cannot* state the maximum levy *rate* for subsequent years after the first year.

Which Option is Better?

The answer, of course, is “it depends”. There are several factors that may impact the decision of single-year vs. multi-year lid lifts. Here are a few to consider:

- How much money you need to raise
- What you need the revenue for, and for how long (for instance, continued operating costs versus a capital project that will only last a few years)
- How quickly your costs, and property values, are increasing
- Your desired election date (special, primary, or general)
- How you think voters will respond to the different alternatives (for instance, a permanent versus temporary tax)

The multi-year lid lift is slightly more restrictive in its uses, since the purpose must be stated in the ballot title and, for jurisdictions in King County, there may be supplanting restrictions. However, as stated earlier it is a good idea to state the purpose even if it is not required.

Levy Lid Lift Election Results

Want to know how other recent lid lifts have been structured or fared at the polls? Use our [Local Ballot Measure Database](#) to find out! Select “Filter by Ballot Categories” and, under “Funding Type/Statutory Authority,” select “Levy Lid Lift.” You can further refine your search by government type, subject matter, county, and years, if desired.

In recent years, about 75%-80% of levy lid lifts have passed, although of course the individual results can vary widely depending on local circumstances.

FINANCE COMMITTEE 4.B

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: American Rescue Plan Act Update

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

ARPA update

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

The City Council has taken action to allocate most of the City's \$10.9 million of American Rescue Plan Act (ARPA) funding; to date, approximately \$137,000 remains to be allocated.

All external subrecipients and internal project managers were asked to confirm that they would be using their full awards by the end of 2024 or identify how much funding would not be spent. All subrecipients confirmed they planned to request reimbursement for the full amount of award by the end of this year. One internal project, Graffiti Mitigation staffing, anticipates being under spent by \$100,000.

Attached please find:

Updated project listing through Quarter 1, 2024 (not yet submitted to Treasury).

Summary of external and internal projects summarized by City department.

Updated listing of pending requests.

SUGGESTED ACTION:

Review most updated version of ARPA allocations and balances remaining.

PREVIOUS COUNCIL ACTIONS:

Most recent City Council Review February 21, 2024 Work Session.

Most recent Finance Committee Review February 22, 2024 meeting.

DEPARTMENT ATTACHMENTS

Description:

[ARPA Expenditures and Balance Remaining 4.22.24.pdf](#)

ARPA Expenditures and Balance Remaining 4.22.24

Date Approved	Expenditure Category and Detailed Description	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 Through Q1	2024 REMAINING	Total
2. Negative Economic Impacts							
5/23/2022	2.37 Economic Impact Assistance: Other: VOAWW Neighborhood Center Construction (orig \$1M)				\$ 5,427	\$ 993,073	
3. Public Sector Capacity							
8/9/2021	3.2 Rehiring Public Sector Staff: PW Custodian (1 FTE)	\$ 18,720				\$ -	
9/13/2021	3.4 Effective Service Delivery: City Council Chambers AV	\$ 6,133	\$ 100,954	\$ 41,172		\$ -	
6. Replace Lost Revenue & Provide Expanded Services up to \$10M							
8/9/2021	6.1 Provision of Government Services: Body camera equipment, services, and warranty	\$ 390,720	\$ 9,280			\$ -	
8/9/2021	6.1 Provision of Government Services: Body camera program staff (1 FTE)		\$ 52,312			\$ -	
4/11/2022	6.1 Provision of Government Services: Municipal Court Chambers AV			\$ 64,209		\$ -	
4/25/2022	6.1 Provision of Government Services: Residential Street Improvements			\$ 903,780		\$ 1,596,220	
4/25/2022	6.1 and 2.37 Economic Impact Assistance: Other: Heroes' Café			\$ 2,295	\$ 1,835	\$ 870	
5/9/2022	6.1 Provision of Government Services: Recreation Scholarships			\$ 8,790	\$ 52	\$ 16,158	
5/23/2022	6.2 Non-federal match for other Federal Programs: Scriber Lake Park Boardwalk			\$ 117,575	\$ 1,882,425	\$ -	
5/23/2022	6.1 and 2.1 Household Assistance: Food Programs Lynnwood Food Bank			\$ 37,546	\$ 151,503	\$ 210,951	
6/27/2022	6.1 Provision of Government Services: Hire 5 new full time police officers through 2024		\$ 187,883	\$ 735,070	\$ 176,938	\$ 757,985	
6/27/2022	6.1 Provision of Government Services: 18 additional body cameras for Police Department		\$ 92,512			\$ -	
6/27/2022	6.1 Provision of Government Services: 20 Tasers for Police Department		\$ 75,644			\$ -	
10/10/2022,							
8/14/2023	6.1 Provision of Government Services: Lynnwood Police Assistance Fund 20K,25K			\$ 14,732	\$ 1,608	\$ 28,660	
11/14/2022	6.1 Provision of Government Services: Community and Human Services Position			\$ 58,617	\$ 25,887	\$ 215,496	
11/14/2022	6.1 and 2.25 Addressing Educational Disparities: C2 Education of Lynnwood					\$ 60,000	
2/27/2023	6.1 Provision of Government Services: Hire 2 FTE for Parks Graffiti Mitigation & Trailer (less \$100K)			\$ 112,356	\$ 36,930	\$ 239,146	
2/27/2023	6.1 and 2.34 Assistance to Impacted Nonprofit Organizations: NW Veteran's Museum				\$ 1,598	\$ 902	
2/27/2023	6.1 and 2.34 Assistance to Impacted Nonprofit Organizations: Sno-Isle Genealogical Society			\$ 1,741		\$ 759	
2/27/2023	6.1 and 2.34 Assistance to Impacted Nonprofit Organizations: Lynnwood Alderwood-Manor Heritage Assn.			\$ 2,500		\$ -	
7/25/2022	6.1 and 2.37 Economic Impact Assistance: Other: Kids in Transition Snohomish County Grant Match				\$ 100,937	\$ 49,063	
11/14/2022	6.1 and 2.37 Economic Impact Assistance: Other: Lynnwood Chamber of Commerce Shop Lynnwood			\$ 4,685		\$ 38,315	
7/25/2022	6.1 and 2.2 VOAWW Rapid Rehousing Snohomish County Grant Match				\$ 2,195	\$ 247,805	
6/12/2023	6.1 Provision of Government Services: Gun Buy Back Program (original allocation \$15K)			\$ 7,688		\$ -	
8/14/2023	6.1 and 1.11 Violence Prevention, 1.12 Mental Health Services: ACCESS project			\$ 8,622	\$ 14,140	\$ 56,707	
8/14/2023	6.1 and 1.13 Substance Use Services: Evergreen Recovery Centers: Hire 2 Additional Nurses			\$ 59,548	\$ 59,333	\$ 133,839	
8/14/2023	6.1, 1.12 Mental Health Services:CHS Edmonds School District School Based Clinicians				\$ 68,721	\$ 130,936	
8/14/2023	6.1 and 2.34 Assistance to Impacted Non-Profit: Clothes for Kids, Clothing					\$ 58,500	
8/14/2023	6.1 and 2.18 Housing Support: Other Housing Assistance: Keep Dreams Alive Foundation Housing Academy					\$ 6,000	
8/14/2023	6.1 and 2.25 Addressing Educational Disparities: Foundation for Edmonds School District: On the Job Training Program					\$ 43,784	
8/14/2023	6.1 and 2.1 Household Assistance: Food Programs Homage Senior Services				\$ 3,000	\$ -	
9/25/2023	6.1 and 2.1, 2.18 Heroes' Cafe					\$ 10,000	
9/25/2023	6.1 and 2.34 Homage Senior Services -Center for Healthy Living				\$ 70,009	\$ 4,991	
9/25/2023	6.1 Gold Park Fencing (internal project PRWR005400)			\$ 49,396		\$ -	
2/26/2024	6.1 Provision of Government Services: Community Graffiti Clean-up					\$ 7,312	
7. Administrative							
6/13/2022	7.1 Administrative Expenses: ARPA Accountant (.5 FTE 2.5 years)		\$ 19,561	\$ 59,838	\$ 13,598	\$ 32,003	
Ineligible							
5/23/2022	\$65,000 Silver Creek Church (\$15K lighting, \$50K repave parking lot for FoodBank)						
Total		\$ 415,572	\$ 538,147	\$ 2,290,161	\$ 2,616,137	\$ 4,939,475	\$ 10,799,491.69
ARPA Revenue (tranches 1 and 2)							\$ 10,936,804.00
Allocated To Date							\$ 10,799,491.69
Balance Remaining for Allocation							\$ 137,312.31

ARPA Allocations Internal and External as of 4.22.24	
External	
VOAWW Neighborhood Center Construction	\$ 998,500
Heroes' Café	\$ 15,000
Lynnwood Food Bank	\$ 400,000
C2 Education of Lynnwood	\$ 60,000
NW Veteran's Museum	\$ 2,500
Sno-Isle Genealogical Society	\$ 2,500
Lynnwood Alderwood-Manor Heritage Assn.	\$ 2,500
Kids in Transition Snohomish County Grant Match	\$ 150,000
Lynnwood Chamber of Commerce Shop Lynnwood	\$ 43,000
VOAWW Rapid Rehousing Snohomish County Grant Match	\$ 250,000
ACCESS project	\$ 79,469
Evergreen Recovery Centers: Hire 2 Additional Nurses	\$ 252,720
CHS Edmonds School District School Based Clinicians	\$ 199,657
Clothes for Kids, Clothing	\$ 58,500
Keep Dreams Alive Foundation Housing Academy	\$ 6,000
Foundation for Edmonds School District: On the Job Training Program	\$ 43,784
Food Programs Homage Senior Services	\$ 3,000
Center for Healthy Living	\$ 75,000
TOTAL EXTERNAL	\$ 2,642,130
Parks Recreation and Cultural Arts	
Recreation Scholarships	\$ 25,000
Scriber Lake Park Boardwalk	\$ 2,000,000
Community and Human Services Position (1FTE)	\$ 300,000
Hire 2FTE MW for Parks Graffiti Mitigation & Trailer (\$100K reduction)	\$ 388,432
Gold Park Fencing	\$ 49,396
TOTAL PARKS RECREATION AND CULTURAL ARTS	\$ 2,762,828
Police	
Body camera equipment, services, and warranty	\$ 492,513
Body camera program staff (1 FTE)	\$ 52,312
5 new full time police officers through 2024 (5 FTE)	\$ 1,857,877
20 Tasers for Police Department	\$ 75,644
Lynnwood Police Assistance Fund	\$ 45,000
Gun Buy Back Program	\$ 7,688
Graffiti Cleanup Program	\$ 7,312
TOTAL POLICE	\$ 2,538,346
Public Works	
PW Custodian (1 FTE)	\$ 18,720
Residential Street Improvements	\$ 2,500,000
TOTAL PUBLIC WORKS	\$ 2,518,720
City Council	
City Council Chambers AV	\$ 148,259
TOTAL CITY COUNCIL	\$ 148,259
ARPA Grant Administration (Finance)	
PT ARPA Accountant (.5 FTE)	\$ 125,000
TOTAL GRANT ADMINISTRATION (FINANCE)	\$ 125,000
Municipal Court	
Municipal Court Chambers AV	\$ 64,209
TOTAL MUNICIPAL COURT	\$ 64,209
UNALLOCATED FUNDING REMAINING	\$ 137,312

ARPA PENDING ALLOCATIONS AS OF 4.22.24			
Recipient/Purpose	Eligibility Approved	Pending Eligibility	Notes
INCREASE FUNDING REQUEST: Extend term of temporary part-time ARPA Accountant for reporting and auditing	\$ 74,000		In 2022, Council allocated \$125,000 for a temporary Part-Time ARPA Accountant. The position was filled in late August of 2022. After 2023, there is approximately \$45,000 in funding remaining for 2024 which will fund the position only until August of 2024. Due to ongoing subrecipient reimbursement request processing, contract monitoring, federal reporting and state auditing requirements, an additional \$74,000 is requested to fund the position through approximately September of 2025. Updated guidance from Treasury authorizes funding may be used through 12/31/2026 for temporary staff who were specifically hired to administer ARPA funding.
INCREASE FUNDING REQUEST: provide body cameras and Tasers for the 5 new police officer positions that were funded by ARPA	\$ 50,000		Body cameras and Tasers for existing positions were funded through prior ARPA allocations. A separate allocation to fund five new police officer positions did not include funding for body cameras and Tasers for those positions. An updated quote has been requested.
NEW FUNDING REQUEST: Lynnwood Alano Club		\$ 25,000	Alano has clarified that request would be to cover rent deposit (first/last/security) for a yet-to-be identified new location. Staff waiting to hear back from applicant to determine potential eligibility.
TOTAL OF PENDING REQUESTS	\$ 124,000	\$ 25,000	
ARPA FUNDING AVAILABLE	\$ 137,312		Includes \$65,000 originally allocated to Silver Creek Church for capital improvements deemed ineligible
*All subrecipient funding is reimbursement based and must be reimbursed by 12/31/24			