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FINANCE,  
GOVERNANCE  
AND PUBLIC  
SAFETY  
COMMITTEE  
SEPTEMBER 29,  
2021

ANNUAL PROPERTY TAX  
LEVY RATE  
CERTIFICATION

# PROPERTY TAX ASSESSMENT

Property tax levy rates are set at time of budget adoption the fourth week of March

- Ordinance No. 210160 set property tax levy rates in connection with the FY2021-22 Adopted Budget

Every summer, County assessors provide assessed valuation for real and personal property

- Revised data is used to recalculate estimated property tax revenue and associated levy rates

# GOALS FOR PROPERTY TAX LEVY CERTIFICATION

## Hancock Amendment

Ensure jurisdictions maintain revenue levels despite changes in assessed values  
No revenue windfall or shortfall

## Controlled Growth

Provide the lesser of inflationary or actual assessed value growth

## New Construction

Allow additional credit for new construction

## Decreased Levy

If assessed value increases, levy rates must be reduced

## Increased Levy

If assessed value decreases, levy rates may be increased (subject to statutory and voted maximums and recoupments)



## 2021 CERTIFICATION TIMELINE

# ASSESSED VALUE HISTORY (IN 000'S)



» 50.79% increase since 2013

» 11.56% increase since 2021

# KCMO ASSESSED VALUATION BY PROPERTY TYPE

<b>Property Type</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Real Property	\$7,060,553,137	\$8,040,019,992
Railroad and Utility Real Property	\$346,187,059	\$361,899,412
Personal Property	\$1,649,917,334	\$1,716,714,613
Railroad and Utility Personal Property	<u>\$145,105,615</u>	<u>\$146,532,081</u>
<b>TOTAL</b>	<b>\$9,201,763,145</b>	<b>\$10,265,166,098</b>
Subtract New Construction	<u>\$82,838,041</u>	<u>\$260,222,603</u>
<b>Adjusted Current Year AV</b>	<b>\$9,201,763,145*</b>	<b>\$10,004,943,495**</b>

\*Recertified assessed valuation

\*\* Increase of \$1,063,402,953 compared to previous year.

# NEW CONSTRUCTION INCREASES 214% IN 2021

## Clay County

New construction increased significantly due to Shoal Creek TIF incentive that expired in 2020.

## Jackson County

New construction catch-up due to issues at the county caused by COVID and an extended BOE hearing schedule.

# ALLOWABLE RECOUPMENT

- RSMo 137.073 provides:
  - For any political subdivision which experiences a reduction in...assessed valuation relating to a prior year...may revise the tax rate ceiling for each purpose it levies
- Jackson County 2019 through 2021 valuation appeals resulted in double recoupment in 2021
- Levy rate for FY2021-22 can be increased to recoup lost revenues from tax years 2019 and 2020
  - If all appeals had been decided at the time of levy certification in 2019 and 2020, the City's levy rate would have been higher due to the further decline in assessed value
  - Recoupment portion of the levy rate = \$0.0205 per \$100 of assessed valuation
    - Recoupment increase can be spread over three years



# PROPOSED CHANGE IN LEVY RATE

Levy Type	Adopted FY 2021- 22 Rate	Allowable Levy Rate Reductions	Allowable Recoupment Rate	New Proposed Rate
General	\$ 0.6573	\$(0.0569)	\$ 0.0101	\$ 0.6105
Health	0.4566	(0.0395)	0.0070	0.4241
Health (Temp)	0.2008	(0.0173)	0.0031	0.1866
Museum	0.0182	(0.0016)	0.0003	0.0169
Debt	<u>0.4633</u>	<u>(0.0033)</u>	<u>0.0000</u>	<u>0.4600</u>
TOTAL	\$ 1.7962	\$ (0.1186)	\$ 0.0205	\$ 1.6981

# REVISED FY2021-22 REVENUE ESTIMATE USING RECOUPMENT RATE

Levy Type-	Adopted Budget	Revised Estimate*	Increase/ Decrease
General	\$58,674,894	\$61,114,652	\$2,439,758
Health	40,772,964	42,454,912	1,681,948
Health (Temp)	17,930,817	18,679,761	748,944
Museum	1,627,185	1,691,790	64,604
Debt	<u>41,888,115</u>	<u>46,048,714</u>	<u>4,160,599</u>
<b>TOTAL</b>	<b>\$160,893,975</b>	<b>\$169,989,828</b>	<b>\$9,095,854</b>

\*Based on a 92% collection rate

# CITY LEVY HISTORY

Levy Type	FY 19	FY 20	FY 21	Adopted FY 22	Proposed FY 22	Maximum Rate
General	\$ 0.6923	\$ 0.6094	\$ 0.6573	\$ 0.6573	\$ 0.6105	\$ 1.0000
Health	0.4810	0.4234	0.4566	0.4566	0.4241	0.5000
Health (Temp)	0.2116	0.1863	0.2008	0.2008	0.1866	0.2200
Museum	0.0192	0.0169	0.0182	0.0182	0.0169	0.0200
Debt	<u>0.2742</u>	<u>0.3600</u>	<u>0.4200</u>	<u>0.4633</u>	<u>0.4600</u>	<u>1.0475</u>
<b>TOTAL</b>	<b>\$ 1.6783</b>	<b>\$ 1.5960</b>	<b>\$1.7529</b>	<b>\$ 1.7962</b>	<b>\$ 1.6981</b>	<b>\$ 2.7875</b>

# EFFECT OF COMBINED LEVY CHANGE ON PROPERTY OWNER USING RECOUPMENT RATE

Home Value	Auto Value	Tax Decrease
\$50,000	\$10,000	(\$7.03)
\$100,000	\$15,000	(\$13.15)
\$200,000	\$35,000	(\$27.22)
\$400,000	\$50,000	(\$50.78)

# COMMITTEE SUBSTITUTE FOR ORDINANCE NO.

# 210823

- Amends Ordinance No. 210160
- Sets property tax levy rates equal to the maximum allowable rate
- Includes recoupment from prior years
- Accelerated effective date



QUESTIONS