

ANNUAL PROPERTY TAX LEVY RATE CERTIFICATION

FINANCE, GOVERNANCE AND
PUBLIC SAFETY COMMITTEE

SEPTEMBER 21, 2022

PROPERTY TAX ASSESSMENT

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

- Ordinance No. 220195 set property tax levy rates in connection with the FY2022-23 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)

2022 CERTIFICATION TIMELINE



ASSESSED VALUE HISTORY (IN 000'S)



» 57.21% increase since 2014

» 4.83% increase since 2022

Fiscal Year

KCMO ASSESSED VALUATION BY PROPERTY TYPE

| Property Type | FY 2021-22 | FY 2022-23 |
|--|-------------------------|---------------------------|
| Real Property | \$7,975,200,432 | \$8,111,264,091 |
| Railroad and Utility Real Property | \$361,899,412 | \$368,401,439 |
| Personal Property | \$1,723,589,180 | \$2,040,628,836 |
| Railroad and Utility Personal Property | <u>\$146,532,081</u> | <u>\$180,394,892</u> |
| TOTAL | \$10,207,221,105 | \$10,700,689,258 |
| Subtract New Construction | <u>\$254,052,331</u> | <u>\$139,857,844</u> |
| Adjusted Current Year AV | \$9,953,168,774* | \$10,560,831,414** |

*Recertified assessed valuation

** Increase of \$607,662,640 compared to previous year.

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 2021 valuation appeals resulted in recoupments in 2022

Levy rate for FY2022-23 can be increased to recoup lost revenues from tax year 2021

- If all appeals had been decided at the time of levy certification in 2021, the City's levy rate would have been higher due to the further decline in assessed value
- Recoupment portion of the levy rate = \$0.0069 per \$100 of assessed valuation
- Value of recoupment = \$745,127

PROPOSED CHANGE IN LEVY RATE

| Levy Type | Adopted FY 2022-23 Rate | Allowable Levy Rate Reductions | Allowable Recoupment Rate | New Proposed Rate |
|---------------|----------------------------|-----------------------------------|------------------------------|----------------------|
| General | \$ 0.6105 | \$(0.0065) | \$ 0.0034 | \$ 0.6074 |
| Health | 0.4241 | (0.0045) | 0.0024 | 0.4220 |
| Health (Temp) | 0.1866 | (0.0020) | 0.0010 | 0.1856 |
| Museum | 0.0169 | (0.0002) | 0.0001 | 0.0168 |
| Debt | <u>0.5000</u> | <u>(0.0400)</u> | <u>0.0000</u> | <u>0.4600</u> |
| TOTAL | \$ 1.7381 | \$ (0.0532) | \$ 0.0069 | \$ 1.6918 |

REVISED FY2021-22 REVENUE ESTIMATE USING RECOUPMENT RATE

| Levy Type | Adopted Budget | Revised Estimate* | Increase/ (Decrease) |
|------------------|-----------------------|--------------------------|-----------------------------|
| General | \$60,885,316 | \$63,384,086 | \$2,498,770 |
| Health | 41,582,116 | 44,037,017 | 2,454,901 |
| Health (Temp) | 18,295,739 | 19,367,939 | 1,072,200 |
| Museum | 1,688,485 | 1,753,132 | 64,647 |
| Debt | <u>48,939,415</u> | <u>48,002,436</u> | <u>(936,979)</u> |
| TOTAL | \$171,391,071 | \$176,544,611 | \$5,153,540 |

*Based on a 92% collection rate

CITY LEVY HISTORY

| Levy Type | FY 20 | FY 21 | FY 22 | Adopted | Proposed | Maximum Rate |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | FY 23 | FY 23 | |
| General | \$0.6094 | \$0.6573 | \$0.6105 | \$0.6105 | \$0.6074 | \$1.0000 |
| Health | \$0.4234 | \$0.4566 | \$0.4241 | \$0.4241 | \$0.4220 | \$0.5000 |
| Health (Temp) | \$0.1863 | \$0.2008 | \$0.1866 | \$0.1866 | \$0.1856 | \$0.2200 |
| Museum | \$0.0169 | \$0.0182 | \$0.0169 | \$0.0169 | \$0.0168 | \$0.0200 |
| Debt | <u>\$0.3600</u> | <u>\$0.4200</u> | <u>\$0.4600</u> | <u>\$0.5000</u> | <u>\$0.4600</u> | <u>\$1.0217</u> |
| TOTAL | \$1.5960 | \$1.7529 | \$1.6981 | \$1.7381 | \$1.6918 | \$2.7617 |

Debt levy shows no change from FY2021-22 due to accumulated fund balance and growth in assessed value.

RATE

| Home Value | Auto Value | Tax Decrease |
|------------|------------|--------------|
| \$50,000 | \$10,000 | (\$0.81) |
| \$100,000 | \$15,000 | (\$1.51) |
| \$200,000 | \$35,000 | (\$3.13) |
| \$400,000 | \$50,000 | (\$5.84) |

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 220766

- Amends Ordinance No. 220195
- Sets property tax levy rates equal to the maximum allowable rate
- Includes recoupment from 2021
- Accelerated effective date



QUESTIONS