CITY OF KIRKLAND
FINANCE AND ADMINISTRATION
123 Fifth Avenue, Kirkland, WA 98033
425-587-3000

MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Kevin Pelstring, Financial Planning Manager
Cody Harris, Budget Analyst

Date: November 5, 2026

Subject: **Preliminary 2027 Property Tax Adoption**

RECOMMENDATION:

Staff recommends that the City Council reviews adopts Ordinance O-4957 levying property taxes for the year 2027 and establishing the preliminary 2027 regular property tax levy for the City of Kirkland.

EXECUTIVE SUMMARY:

- A public hearing on the City's property tax levy was held on November 4, 2026. No comments were received.
- The preliminary 2027 property tax levy of $47,114,740 is presented to Council for adoption.
- The proposed 2027 levy includes the optional 1% increase. This will be necessary to implement the preliminary 2027-2028 budget as presented, which assumes the 1% increase for both 2027 and 2028.
- The new construction estimate in the proposed levy is intentionally increased to three times higher than projected. The new construction numbers will be adjusted when the final County Assessor 2026 levy worksheet is received.
- Adoption of proposed Ordinance O-4957 is required to meet the November 30, 2026 deadline established by the King County Council for submission of 2027 property tax levies.

BACKGROUND:

Washington State law, in RCW 84.55.120, requires a public hearing on revenue sources that must include consideration of possible increases in property tax revenues. The required public hearing on the City's property tax levy was held on November 4, 2026. No public comments

were received. The memorandum on the Preliminary Property Tax public hearing provided helpful data and information on the property tax levy to the public and City Council.[1]

Proposed Ordinance O-4957 must be adopted in time to meet the November 30, 2026 deadline established by King County for taxing districts to submit 2027 property tax levies. Each year, the King County Assessor prepares a levy worksheet for cities and other taxing districts that establishes the maximum levy capacity (within legal limits) and the amount of new construction valuation. The City cannot accurately calculate the amount of the levy until the County provides the final levy worksheet, which is expected to be available by late November or early December.

Since the date of the final levy worksheet is unknown, Council must adopt an ordinance that establishes a maximum amount of property taxes the City expects to levy in 2027. A maximum amount is used since the County will allow cities to submit a final levy amount that is lower than the preliminary amount but not higher. For this reason, the new construction amount is artificially increased by three times the projected amount to ensure the City receives the full final levy, as described in the November 4 Council memorandum. If a higher amount is submitted, the Assessor will reduce the amount requested to an amount no greater than the maximum indicated. Consequently, the preliminary property tax levy is intended to be higher than the final levy, which will be calculated when the City receives its final levy worksheet from King County.

DISCUSSION/ANALYSIS:

The preliminary levy presented during the public hearing was based on the King County Assessor's 2027 levy worksheet provided on October 15, 2026. That has since been updated, and the estimated levy in the proposed ordinance is based on the County's October 29, 2026 worksheet.

In 2027, the City will have one levy rate for all taxpayers living in the city, which would increase from $0.86380 per $1,000 of assessed valuation in 2026 to $0.94377 in 2027. The levy rates are estimates based on the preliminary assessed valuation provided by the King County Assessor on October 29, 2026. The preliminary 2027 levy is summarized below:

Ordinance O-4957	**Amount**
2026 Regular Levy	44,975,639
Optional 1 percent Increase	449,756
New Construction	1,516,453
Relevy for Refunds	96,078
Tax Increment Financing	76,814
Total Regular Levy	**47,114,740**
Excess Levy	-
Total Preliminary 2027 Levy	**47,114,740**

To meet the County's deadline, proposed Ordinance O-4957 must be adopted by Council at the November 17, 2026 Meeting.

[1] https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2026/november-4-2026/6b_public-hearings.pdf

NEXT STEPS:

Once Council approves Ordinance O-4957, staff will transmit it to King County before the deadline. Then, once the County provides the City with the final levy limit worksheet, staff will prepare a revised 2027 levy ordinance with the final levy amount for Council consideration. This revised ordinance is not necessary or required for the County to collect the City's property taxes, but it provides formal documentation reflecting the actual, final property tax amount, rather than the inflated number that is used in the preliminary property tax ordinance to ensure that the City's levy amount is not under-collected.

ATTACHMENTS:

Ordinance O-4957, Relating to Establishing the Amount of Property Taxes to be Levied for the Year 2027, the First Year of the City of Kirkland's 2027-2028 Fiscal Biennium