

Real Estate Excise Tax (REET) 2004 - 2008

	2004	2005	2006	2007	2008
Real Estate Sales	\$126,285,400	\$146,565,400	\$193,322,200	\$126,097,000	\$131,140,800
City REET (.50%)	\$631,427	\$732,827	\$966,611	\$630,485	\$655,704
Annual Growth	19.8%	16.1%	(31.7%)	25.7%	4.0%

Mountlake Terrace Ten Largest Taxpayers

Taxpayer	Assessed Valuation *
Premera Blue Cross	\$ 47,199,200
Equity Assets Management, Inc.	\$ 35,974,000
Red Mortgage Capital, Inc.	\$ 16,544,000
Two Twenty Corp Center, LLC	\$ 14,346,800
Cedar Plaza/John Stipek	\$ 13,053,000
Northern Lights Apartments	\$ 12,422,000
Weidner Dean/Weidner Investment Services	\$ 11,345,000
Terrace Heights Apartments, Inc.	\$ 9,841,000
GES Maple Glen, LLC	\$ 7,305,000
CRS Financial, LLC	\$ 6,000,000
* Based on 2005 Assessed Valuation for taxes payable in 2006.	
Source: Snohomish County Assessor's Office	

Debt Policy

Like private citizens, municipalities must sometimes borrow funds to pay for large purchases like capital equipment and capital projects. As in the private world, the ability to borrow depends upon the borrower's ability to pay the loan back, as indicated by means of credit ratings, potential future earnings, etc. Unlike private citizens and companies, public entities have the additional parameters of statutory limits on borrowing, as measured by set percentages of assessed value. Debt incurred by a City is generally issued in the form of bonds, similar to promissory notes, which investors buy from the City,

with the idea that the City will buy the bonds back at some future date--paying more money than the investor originally paid for them.

There are two major types of bonds issued by the City, differentiated by the basis of the guarantee of payoff to the investor. **General Obligation or "GO" Bonds** are based on the tax base or the assessed value of the municipality. When issuing a GO bond, the City is pledging its future taxing powers to pay off the debt. GO bonds can be issued as a voted "levy" when citizens are willing to pay extra taxes to pay for a particular project or by the Council without voter approval. **Revenue Bonds** are both guaranteed by and retired from specific future revenues (usually fees for a particular service). These are generally issued for utility capital projects, and guaranteed and retired by utility rate revenues; there is no general tax liability for these obligations.

The City's debt management policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.