M E M O

Date: October 7, 2011

To: Chair J.J. McCament and Members of the Board of Trustees

From: Clifford Jo, Finance & Business Director

Subject: 2011 Implicit Price Deflator (IPD) for 2011 property tax levy

<u>For July 2010 to July 2011, the IPD was reported as 2.755%</u>. The IPD is used for calculating tax levies under Initiative 747. Anything less than 1% means the Board of Trustees must approve property taxes to be levied at the statutory limit of 1%. Anything 1% and higher means the library may tax the full levy rate of 1%.

Because this year's IPD is higher than 1%, no Board action is required. In any case, because the Library has hit its statutory limit of 50 cents per $1,000 assessed value in the taxing district, neither the 1% increase nor the IPD is an issue.

Attached is MRSC's table on the Implicit Price Deflator.

M·R·S·C

Municipal Research and Services Center of Washington

Working Together for Excellence in Local Government

Updated 09/2011

Implicit Price Deflator Index for Personal Consumption Expenditures -- Base Year 2005

Monthly Index and Cumulative Percentage Change from July 2010

	7/1/2010	8/1/2010	9/1/2010	10/1/2010	11/1/2010	12/1/2010	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011
Index	110.971	111.150	111.278	111.519	111.606	111.886	112.295	112.744	113.190	113.557	113.752	113.607	114.028
Cum.%		0.161	0.277	0.494	0.572	0.825	1.193	1.598	2.000	2.330	2.506	2.375	2.755
Proj.		1.936	1.660	1.975	1.717	1.979	2.386	2.739	2.999	3.107	3.007	2.591	2.755
12 Mo.		1.364	1.342	1.282	1.138	1.223	1.338	1.704	1.946	2.306	2.572	2.570	2.755

Source: Table B.2. Implicit Price Deflator for Personal Consumption Expenditures.

The top row represents the preliminary and revised implicit price deflator for personal consumption expenditures (IPD) published by the Bureau of Economic Analysis (BEA). The second row represents the cumulative percentage change in the preliminary or revised index from July of 2010. The third row represents the projections of the annual implicit price deflator since July of 2010 when using the methodology of dividing the cumulative percentage change since July by the number of months since July and then multiplying the dividend by 12 to obtain an annual estimate. The fourth row represents the actual percentage change of the implicit price deflator over the last 12 months.