SNOHOMISH COUNTY ASSESSOR’S OFFICE

LEVY PRESENTATION
by Chris Huyboom
Levy Comptroller
10/4/2018
This presentation gives a general overview of the levy process.
LEVY DEFINITION

- Noun: The total dollar amount requested by a taxing district to be collected through property tax.

- Verb: To impose taxes, assessments or charges for support of governmental activities.
The Washington State Constitution Article 7 entitled “Revenue and Taxation” allows the power to tax which is implemented by Washington State Legislation through various statutes. The majority of these laws regarding property tax levies are described in RCW 84.52 and 84.55.
It is the Assessor’s responsibility to determine the value of all taxable property within Snohomish County. They set the levy amounts based on documents received from the districts and the limitations set within the law. Using those levy amounts and the taxable value for each levy they then calculate the levy rates. And then, they must check the $5.90 aggregate limit and the one percent constitutional limit.
Understanding the basics of the levy process is quite simple. There are two players: taxing districts and taxpayers.
Taxing districts we need to know how much money they are allowed to levy.
Taxpayers we need to know the taxable value (assessed value).
Calculate the Levy Rate: The taxing district’s “levy” (budget) divided by the assessed value of all taxable parcels in the district equals the tax rate (“Levy Rate”) for the district.

Levy rates are expressed in terms of dollar per $1,000 of assessed value.
Every year in January the Assessor’s Office calculates levy rates.

- In Snohomish County we have 138 levy rates for Tax Year 2018.
  - Lowest levy rate $0.01000000000
  - Highest levy rate $3.70514943980
To calculate the property tax bill you take the assessed value divided by $1,000 times the levy rate.
Total taxes levied in Snohomish County by all taxing districts.
Where do Property Taxes Go?

Snohomish County Distribution of 2018 Taxes

Property Taxes Total: $1,366,824,342

- Local School Districts: 40.40%
- State School: 24.62%
- Fire Districts: 8.45%
- County: 6.85%
- Parks & Recreation: 0.01%
- Cities & Towns: 9.64%
- Ports: 0.39%
- Roads: 4.66%
- Libraries: 2.91%
- Regional Transit Authority: 1.25%
- Hospitals: 0.80%
How does the Assessor’s Office keep track of which properties belong to which taxing districts levies?
The Assessor’s Office keeps track of parcels by tax code area numbers. Tax code area is a geographical area in which local entities such as county, city, library, hospital, school or fire district may assess taxes to sustain its operations. These combined taxing districts make up a Tax Code Area (TCA) which are used later to calculate a consolidated levy rate.

For example, taxpayers whose property are located within TCA #5 would have a consolidated levy rate and pay for the library, hospital and fire district services, if levied.
## Tax Code Area

- Snohomish County consolidated levy rate distribution by TCA for Tax Year 2018:

<table>
<thead>
<tr>
<th></th>
<th>No. of TCAs</th>
<th>No. of rates</th>
<th>Lowest rate</th>
<th>Highest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snohomish County</td>
<td>331</td>
<td>215</td>
<td>8.0648</td>
<td>14.5332</td>
</tr>
<tr>
<td>Unincorporated County</td>
<td>253</td>
<td>164</td>
<td>8.0648</td>
<td>14.5332</td>
</tr>
<tr>
<td>Cities</td>
<td>78</td>
<td>51</td>
<td>9.1548</td>
<td>14.2090</td>
</tr>
</tbody>
</table>
Assessed Value

Washington State law requires Assessors to appraise property at 100 percent of its “true and fair market value” in money according to the “highest and best use” of the property. Fair market value or true value is the amount that a willing and unobligated buyer is willing to pay a willing and unobligated seller.
Assessed Value

The Washington State Property Tax Assessment Process

Market Sales in 2017 → Appraisal Process → Appraised Value as of January 1st, 2018 → Used To Calculate Taxes Payable in 2019

Note: New construction is placed on the assessment roll at the valuation assessed July 31st.
Assessed values are used to distribute the tax burden rather than set the amount of taxes collected. Taxing district budgets set the amount that can be collected and then individual taxpayers are responsible for their fair share of that tax based on their relative percentage of the total assessed value in the taxing district.
As we previously discussed, the “levy rate” is calculated by dividing the district’s levy (budget) by all their taxable property value “assessed value” within the district. So, depending on whether the district’s budget and assessed value increases or decreases will determine the levy rate as well as how much the taxpayer pays.

Note: The levy for a regular taxing district may be limited if the assessed value decreases. This will be covered later on in the presentation.
A) District’s budget $100,000/$1,000,000,000 AV x1,000= $0.10
Taxpayer’s assessed value = $200,000
Taxes owed = $20

B) If the district’s budget is the same and AV increases 10% (comparing to scenario A):
District’s budget $100,000/$1,100,000,000 AV x1,000= $0.0909
Taxpayer’s assessed value increased 10% = $220,000
Taxes owed = $20

C) If the district’s budget is the same and AV decreases 10% (comparing to scenario A):
District’s budget $100,000/$900,000,000 AV x1,000= $0.1111
Taxpayer’s assessed value decreased 10% = $180,000
Taxes owed = $20

D) If the district’s budget increase 1% and AV is the same (comparing to scenario A):
District’s budget $101,000/$1,000,000,000 AV x1,000= $0.1010
Taxpayer’s assessed value = $200,000
Taxes owed = $20.20 or 1% increase
The previous slide showed examples with the taxpayer’s AV increasing/decreasing the same percentage as the taxing district. In this scenario, the rectangle represents the district’s boundary. “B” taxpayers assessed values increased 10% while “C” taxpayers assessed value decreased 10%. Even though the district will levy the same amount $100,000 and the district’s AV stayed the same, there will be a tax shift for those taxpayers as a result of their relative percentage of value changing within the taxing district.
# Assessed Value

<table>
<thead>
<tr>
<th>What if?</th>
<th>District’s Budget</th>
<th>Assessed Value</th>
<th>Levy Rate</th>
<th>Taxpayer’s AV*</th>
<th>Taxes Owed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td>$100,000</td>
<td>$1,000,000,000</td>
<td>$0.1000</td>
<td>$200,000</td>
<td>$20.00</td>
</tr>
<tr>
<td>B) AV - 10%</td>
<td>$100,000</td>
<td>$900,000,000</td>
<td>$0.1111</td>
<td>$200,000</td>
<td>$22.22</td>
</tr>
<tr>
<td>C) Budget+1%</td>
<td>$101,000</td>
<td>$900,000,000</td>
<td>$0.1122</td>
<td>$200,000</td>
<td>$22.44</td>
</tr>
</tbody>
</table>

*Note: no change in taxpayer’s AV

A) District’s budget $100,000/$1,000,000,000 AV x1,000= $0.10
Taxpayer’s assessed value = $200,000
Taxes owed = $20

B) If the district’s budget is the same and their AV decreases 10% while the taxpayer’s AV stays the same (comparing to scenario A):
District’s budget $100,000/$900,000,000 AV x1,000= $0.1111
Taxpayer’s assessed value stays the same = $200,000
Taxes owed = $22.22

C) If the district’s budget increase 1% and their AV decreases 10% while the taxpayer’s AV stays the same (comparing to scenario A):
District’s budget $101,000/$900,000,000 AV x1,000= $0.1122
Taxpayer’s assessed value stays the same = $200,000
Taxes owed = $22.44
Assessed Value

- **What can reduce the taxing district’s assessed value?**
  - Some of the items that may reduce the assessed value are the following:
    - Real Estate market;
    - Taxpayer appeals;
    - Destroyed property;
    - Annexation;
  - Various exemption programs:
    - Senior Citizen/Disabled Person Property Tax Exemption Program;
    - Special Valuation for Historical Property;
    - 30% Home Improvement Exemption;
    - New & Rehabilitated Multiple-Unit Dwellings in Urban Centers Exemption;
    - Non-Profit Exemptions (granted by the Department of Revenue);
    - Homes for the Aging Exemptions (granted by the Department of Revenue);
    - Head of family (Personal Property exemption the first $15,000 of assessed value);
  - Open Space Classification, Current Use Classifications or Designated Forestlands.
General timeline that the Assessor’s Office provides assessed values to tax districts and calculates levies/rates.
Most districts collect regular & excess levies. Joint taxing district is a district that lies in more than one county such as a school district or fire district. Benefit Assessment and Local Improvement districts are handled by the Treasurer’s Office in Snohomish County so they will not be covered in this presentation.
A regular taxing district is one that is authorized by the state legislature, not local government.

- Senior Districts
- Junior Districts
  - Senior/Juniors

The districts included in the senior, junior and senior/junior categories are listed on the next three frames.
Regular Taxing Districts

- Senior Taxing Districts
  - State
  - County (General and Roads)
  - Cities & Towns
  - Regional Transit Authority

The state is further defined as being “for support of common schools”.
The term ‘junior taxing districts’ includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts.
Regular Taxing Districts

- Senior/Junior Taxing Districts
  - Fire
  - Hospital
  - Library
  - Metropolitan Park
Regular Levies: the levy rate and levy amount a taxing district is authorized by law to collect, usually without a vote of the public, and subject to various limitations by law.

In Snohomish County, the only ‘voted regular levies’ we have are Emergency Medical Service (EMS) levies.

Excess Levies: levy of additional taxes by any taxing district over and above the regular/statutory rate. An excess requires approval by the voters.

All local school districts levies are ‘excess’ levies, which are mostly enrichment levies and bond levies. Some school districts also have transportation or capital projects levies. Also, some other districts such as fire districts have bond levies for building and remodeling buildings, etc.

Refund levies: are used to recover administrative or adjudicated refunds.
Regular Levy Limitations

- Regular Levies are subject to various limitations:
  - Levy made by District
  - Statutory Dollar Rate Limit
  - Levy Limit (101%)
  - $5.90 Aggregate Limit
  - 1% Constitutional Limit
A taxing district with regular levies must hold a public hearing pursuant to RCW 84.55.120. The taxing district must certify their budgets or estimates of the amounts to be raised with the clerk of the county legislative authority on or before November 30th pursuant to RCW 84.52.020. If a district’s budget has not been certified by this date, the district may lose its ability to increase its budget from the previous year (RCW 84.52.070). Along with a submittal of a “Certificate,” taxing district’s with regular levies must submit a “Resolution(s)/Ordinance(s)” if they want to increase the levy amount further which will be discussed in more detail in the Levy Limit (101%) slide.

Note: if a due date falls on a Saturday, Sunday or legal holiday, that due date becomes the next business day. (RCW 1.12.070)
Levy made by Districts

Levy Certification

Submit this document to the county legislative authority on or before November 30 of the year preceding the year in which the levy amount is to be collected and forward a copy to the auditor.

In accordance with RSW 54-32-203.1, the __________________________ County legislative authority of the __________________________ County hereby certifies that the following levy amounts are necessary:

Regular Levy: __________________________
 Unused Levy: __________________________
 Refund Levy: __________________________

Signature: __________________________

Date: __________________________

To obtain the availability of this publication in an alternate format for the visually impaired, please call (503) 986-4726.
To obtain TTY services, please call (503) 986-4708. For tax assistance, call (503) 986-3300.
See website: oregon.gov/revenue

34
Statutory dollar rate limits are limitations upon regular property tax levies and for most types of taxing districts are specified in RCW 84.52.043 as well as other statutes. Cities may levy up to $3.60 if they have annexed to a library or fire district less the actual levy rate for the library and/or fire district and also may levy an additional $0.225 if they have an earmarked firemen’s pension fund. Fire districts may levy up to $1.50. Regional Fire Protection Service Authorities (RFA) may levy up to $1.50 if they have at least one full-time employee.
**Statutory Amount**

- Using the statutory dollar rate limit to calculate the statutory amount:
  
  \[
  \text{District's assessed value}/1,000 \times \text{statutory rate limit} = \text{Statutory Amount}
  \]
Districts levies capped at Statutory Limit:

2011: 24 levies; County AV  $85,710,607,564
2012: 41 levies; County AV  $76,647,037,592
2013: 50 levies; County AV  $72,621,622,520
2014: 47 levies; County AV  $79,448,742,407
2015: 34 levies; County AV  $88,260,207,637
2016: 23 levies; County AV  $96,080,092,915
2017: 11 levies; County AV  $105,036,086,924
2018:  7 levies; County AV  $118,417,725,917

Note: The levies capped total does not include any voter-approved increases (lid lifts) or EMS levy renewals for the given year that would have raised/capped their levy at the statutory limit.
The levy limit was introduced in the 1970s, restricting the growth of regular levies. As a result of the passage of Initiative 747 in 2001, allowable annual increases in levy amounts were reduced from 6 percent to 1 percent. Initiative 747 was found unconstitutional by King County Superior Court in June 2006. During the 2007 special legislative session, HB 2416 reinstated the 1 percent levy limit for taxing districts. The limitation is detailed in chapter 84.55 RCW.
If a district needs more tax dollars than the previous year for a regular levy they must pass a resolution/ordinance RCW 84.55.120.

Note: The highest lawful levy is the most a district can levy for a particular year and the actual levy is what a district does levy for that year. In order for one or both of these amounts to increase each year, the district must adopt a resolution or ordinance.

“Add-ons” are considered as new construction, improvements to property, newly constructed wind turbines, increases in state assessed property and annexations.
Population determines what documents are necessary for a district to increase their limit factor to 101%. The limit factor for districts with a population less than 10,000 is 101%; if a population is at or above 10,000 they will be limited to the lesser of 100% plus inflation or 101%. Districts that find a substantial need in accordance with RCW 84.55.0101, the lesser of the substantial need factor or 101%; or the lesser of IPD or 101%.
The limit factor authorization for taxing districts to use 101% or less pursuant to RCW 84.55.0101

The Department of Revenue provides the IPD rate based on the percent change in the implicit price deflator for personal consumption as published in the Bureau of Economic Analysis pursuant to RCW 84.55.005.

IPD for 2010 is -0.848%; Limit factor is 99.152%
IPD for 2011 is 1.539%; Limit factor is 101%
IPD for 2012 is 2.755%; Limit factor is 101%
IPD for 2013 is 1.295%; Limit factor is 101%
IPD for 2014 is 1.314%; Limit factor is 101%
IPD for 2015 is 1.591%; Limit factor is 101%
IPD for 2016 is 0.251%; Limit factor is 100.251%
IPD for 2017 is 0.953%; Limit factor is 100.953%
IPD for 2018 is 1.553%; Limit factor is 101%
IPD for 2019 is 2.169%; Limit factor is 101%
Recap: The purpose of adopting a resolution/ordinance under RCW 84.55.120 is twofold:

First, by adopting a resolution, the district is allowed to increase its levy by up to 1 percent over the highest lawful levy since 1985.

- Taxing districts with a population under 10,000 may increase the levy by 1 percent.
- Taxing districts with a population of 10,000 or more may increase the levy by the lesser of 1 percent or the rate of inflation. (By adopting a separate resolution/ordinance with a finding of substantial need, these larger districts may increase the levy by more than the rate of inflation, up to a maximum of 1 percent.)

Second, the resolution/ordinance provides disclosure of the amount and percentage by which a taxing district is increasing its previous year’s actual levy.
If the district took less than the maximum allowable increase each year, but adopted the appropriate Resolutions/Ordinances, they have “banked” or “unused” levy capacity that could be used in future years.
If a district levies at their highest lawful levy, they will not have banked capacity. If a district levies less than their highest lawful levy, they will have banked capacity.

If a district chooses to use banked capacity they will need to complete one Resolution/Ordinance stating the dollar and percentage of increase (RCW 84.55.120) and passed by a majority of the board or council members. Note: this is for the Actual Levy which only needs one Resolution/Ordinance. If a district with a population at or above 10,000 wants to increase their Highest Lawful Levy and the IPD is less than 1% then they will need to pass (with a supermajority) another Resolution/Ordinance per RCW 84.55.0101.
Here is an example of a taxing district for 2019 increasing their highest lawful levy by 1% and using all “banked capacity” before add-ons are applied.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Lawful Levy</th>
<th>Actual Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>2017</td>
<td>$151,500</td>
<td>$140,000</td>
</tr>
<tr>
<td>2018</td>
<td>$153,015</td>
<td>$149,000</td>
</tr>
</tbody>
</table>

\[ \text{Highest} = \text{Lawful Levy} \times (1 + 1\%) \]
\[ \text{Banked Capacity} = \text{Highest} - \text{Actual Levy} \]
\[ \text{Difference} = \text{Banked Capacity} \times 100\% \]

If district increases budget by 1% and uses all banked capacity:
\[ \text{Previous Year's Levy} = \$149,000 \]
\[ \text{New Levy} = \text{Previous Year's Levy} + \text{Banked Capacity} \]
\[ \text{Difference} = \$5,545.15 \]
What information does the Assessor’s Office use to set a regular district’s levy?

The Assessor’s Office will use the lowest amount of the following:

- Levy made by District: dollar amount authorized on the Levy Certification
- Statutory Amount: district’s AV (per 1,000 of AV) x rate set by statute
- Levy Limit: Highest Lawful Levy Since 1985 x maximum increase of 101% + add-ons
- Actual Levy: Previous year’s actual levy x increase as stated in Resolution/Ordinance + add-ons
What information does the Assessor’s Office use to set a regular district’s levy?

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy made by District</td>
<td>$107,000</td>
<td>$107,000</td>
<td>$107,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>Statutory Limit</td>
<td>$120,000</td>
<td>$120,000</td>
<td>$80,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Levy Limit</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Actual Levy</td>
<td>$90,000</td>
<td>$105,000</td>
<td>$90,000</td>
<td>$90,000</td>
</tr>
<tr>
<td>Lowest Amount</td>
<td>$90,000</td>
<td>$100,000</td>
<td>$80,000</td>
<td>$80,000</td>
</tr>
</tbody>
</table>
The Levy Limit is calculated as follows:

A. Determine the Highest Lawful Levy since 1985 and multiply the amount by the limit factor as determined by the ordinance(s)/resolution(s) passed by the district.

B. Add amounts for new construction, improvements and wind turbines, etc:
   - The district is entitled to additional money to cover the cost of services to the new improvements in the district made during that year.
   - The amount is determined by the value of new construction and improvements to property multiplied by the previous year’s levy rate.

C. Add amounts for increases in state-assessed property:
   - The district is also entitled to additional money attributable to the increase in value of state assessed property.
   - The amount is determined by multiplying the increase in value by the previous year’s levy rate.
   - Note: The Department of Revenue annually values interstate or intercounty utility and transportation companies (railroads, telecommunication companies, electric companies, etc.)

D. District’s current year’s levy limit.
E - F. Add amounts for annexations:

Annexation is the act of a taxing district expanding its boundaries.

Annexations affect the levy limit calculation because the taxing district is entitled to collect more money as a result of encompassing a larger area.

All taxing district boundaries must be established by August 1 in order to collect property tax in the following year except for newly incorporated port districts or regional fire protection service authority districts (October 1st) & mosquito districts (September 1st) pursuant to RCW 84.09.030.

In the first levy year following annexation, the levy limit is calculated as follows:

1. Determine the levy limit and levy rate for the district as though no annexation occurred.
2. Multiply the current year AV of the annexed territory by the levy rate calculated in step 1.
3. Add the amount calculated in step 1 & 2 (lines E and G on the worksheet)

G. The district’s current year’s levy limit including annexation
H. The district’s current year’s statutory maximum limit.
I. The district’s current year’s highest lawful levy.
Line A: First arrow is pointing to the district’s Highest Lawful Levy since 1985.
Line A: Second arrow is pointing to the limit factor and the appropriate ordinance/resolution passed by the district to get a maximum increase of 101%. 
Example of Highest Lawful Levy

Parts E through G are used in calculating the additional levy limit due to annexation.

E. To find the rate to be used in F, take the levy limit as shown in Line D above and divide it by the current assessed value of the district, excluding the annexed area.

\[
\begin{align*}
\text{Total in Line D} & \quad \text{Current Assessed Value} \\
\$103,250.00 & \quad $0 \times $1,000 = 0.00
\end{align*}
\]

F. Annexed area’s current assessed value including new construction and improvements, times the rate in Line E.

\[
\begin{align*}
\text{Annexed Area’s A.V.} \quad \text{Rate in Line E} \\
$0 \times 0.00000000000 = $1,000 = $0.00
\end{align*}
\]

G. Regular property tax limit including annexation

\[
\begin{align*}
\text{Regular property tax limit including annexation} \quad \text{D+F} \\
\text{= $103,250.00}
\end{align*}
\]

H. Statutory maximum rate times the assessed value of the district.

\[
\begin{align*}
\text{A.V. of District} \quad \text{Statutory Rate Limit} \\
$100,000,000 \times 1.50000000000 = $1,000 = $150,000.00
\end{align*}
\]

I. Highest Lawful Levy (Lesser of G and H)

\[
\begin{align*}
\text{= $103,250.00}
\end{align*}
\]
Line A: Arrow pointing to the district’s Highest Lawful Levy since 1985.

Line G: Arrow pointing to the district’s current year’s levy limit including annexation.

Line H: Arrow pointing to the district’s current year’s statutory maximum amount.

Line I: Arrow pointing to the district’s current year’s Highest Lawful Levy.

New Highest Lawful Levy: is the greater of the previous Highest Lawful Levy since 1985 (Line A) and the current year’s Highest Lawful Levy (Line I) which is $103,250.00 (Line I).
What happens to the Highest Lawful Levy if the district’s AV is $60,000,000?

Line A: Arrow pointing to the district’s Highest Lawful Levy since 1985.
Line G: Arrow pointing to the district’s current year’s levy limit including annexation.
Line H: Arrow pointing to the district’s current year’s statutory maximum amount.
Line I: Arrow pointing to the district’s current year’s Highest Lawful Levy.

New Highest Lawful Levy: is the greater of the previous Highest Lawful Levy since 1985 (Line A) and the current year’s Highest Lawful Levy (Line I) which is $100,000 (Line A).
What happens to the Highest Lawful Levy if the district’s AV is $68,500,000?

Line A: Arrow pointing to the district’s Highest Lawful Levy since 1985.
Line G: Arrow pointing to the district’s current year’s levy limit including annexation.
Line H: Arrow pointing to the district’s current year’s statutory maximum amount.
Line I: Arrow pointing to the district’s current year’s Highest Lawful Levy.

New Highest Lawful Levy: is the greater of the previous Highest Lawful Levy since 1985 (Line A) and the current year’s Highest Lawful Levy (Line I) which is $102,750 (Line I).
Line A: The first arrow is pointing to the district’s Previous Year’s Actual Levy.
Line A: The second arrow is pointing to the district’s increase amount and percentage from the previous year’s actual levy as authorized by district’s Ordinance/Resolution.
Line G: The arrow pointing to the levy amount authorized by Ordinance/Resolution including annexation.
**Actual Levy Calculation**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.</td>
<td>Total levy amount authorized by resolution (G) plus amount refunded or to be refunded (RCW 84.55.070).</td>
</tr>
<tr>
<td>I.</td>
<td>Total amount certified by county legislative authority or taxing district as applicable (RCW 84.52.020 and RCW 84.52.070).</td>
</tr>
<tr>
<td>J.</td>
<td>Levy limit from line G on page 1, plus amount refunded or to be refunded (RCW 84.55.070).</td>
</tr>
<tr>
<td>K.</td>
<td>Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).</td>
</tr>
<tr>
<td>L.</td>
<td>Statutory limit from line H on page 1 (dollar amount, not the rate)</td>
</tr>
<tr>
<td>M.</td>
<td>Lesser of K and L</td>
</tr>
<tr>
<td>N.</td>
<td>Levy Corrections Year of Error:</td>
</tr>
<tr>
<td>O.</td>
<td>Total: M +/− N</td>
</tr>
<tr>
<td></td>
<td>Regular Levy Rate Computation: Lesser of L and O divided by the assessed value in line J1 on page 1.</td>
</tr>
</tbody>
</table>

### Calculation:

- **H.** Levy amount authorized by Ordinance/Resolution plus refunds;  
- **I.** Levy amount the district authorized on Levy Certification; and 
- **J.** Current year’s Highest Lawful Levy plus refunds

**Line L:** Arrow pointing to the maximum statutory limit (calculated by AV/1000 x statutory rate limit)

**Line K:** Arrow pointing to the lesser of:

- **H.** Levy amount authorized by Ordinance/Resolution plus refunds;  
- **I.** Levy amount the district authorized on Levy Certification; and 
- **J.** Current year’s Highest Lawful Levy plus refunds

**Line H:** First arrow pointing to the levy amount authorized by Ordinance/Resolution includes annexation.

**Line H & J:** Second arrow pointing to the amount to be refunded.

**Line I:** Arrow pointing to the levy amount the district authorized on Levy Certification.

**Line J:** First arrow pointing to the district’s current year’s Highest Lawful Levy.

**Line K:** Arrow pointing to the lesser of:

- **H.** Levy amount authorized by Ordinance/Resolution plus refunds;
- **I.** Levy amount the district authorized on Levy Certification; and
- **J.** Current year’s Highest Lawful Levy plus refunds
Most taxing districts are authorized by state law to levy a certain rate each year without approval by the voters; these are commonly referred to as regular levies. All together, certain local regular levies cannot exceed $5.90 and, with the state levy, these regular levies cannot exceed $9.50 ($5.90 and $3.60) per $1,000 of assessed value.

$5.90 Aggregate Limit

RCW 84.52.043

The aggregate levies of junior taxing districts and senior taxing districts (except the state, port, county conservation futures, EMS, RTA and a few others) shall not exceed five dollars and ninety cents per thousand dollars of assessed valuation.

The $5.90 limit applies to the total of certain local regular levies in each Tax Code Area.
In this example the aggregate rates of $5.10 is less than $5.90 the districts levies would not have to be prorated.
Snohomish County highest TCA for 2014 was $5.1730448
Snohomish County highest TCA for 2015 was $4.9299727
Snohomish County highest TCA for 2016 was $4.8495639
Snohomish County highest TCA for 2017 was $4.7032271
Snohomish County highest TCA for 2018 was $4.3314900

$5.90 worksheet
In 1972, a constitutional limit of 1.0 percent was adopted by the voters. This limits the amount of property taxes that may be imposed on an individual parcel (real or personal) of property without voter approval to one percent of its true and fair value. This limit would equate to a regular levy rate of around $10 per $1,000 of assessed value. The one percent limit applies to all regular levies (except port and PUD district levies). It does not apply to special levies approved by voters.
### Consolidated Tax Rates Aggregate

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State School Levy</td>
<td>$ 3.0000</td>
</tr>
<tr>
<td>County Current Expense</td>
<td>$ 1.5727</td>
</tr>
<tr>
<td>County Road Fund</td>
<td>$ 2.2103</td>
</tr>
<tr>
<td>Rural Library District</td>
<td>$ 0.5000</td>
</tr>
<tr>
<td>Fire protection District</td>
<td>$ 1.4814</td>
</tr>
<tr>
<td>Metropolitan Park</td>
<td>$ 0.6500</td>
</tr>
<tr>
<td>Emergency Medical Service</td>
<td>$ 0.4500</td>
</tr>
<tr>
<td>Conservation Futures</td>
<td>$ 0.0625</td>
</tr>
<tr>
<td><strong>Total Consolidated Regular Levy Rate</strong></td>
<td><strong>$ 9.9269</strong></td>
</tr>
<tr>
<td>Excess and Voter Approved Levy Rate</td>
<td>$ 3.1282</td>
</tr>
<tr>
<td><strong>Total Consolidated Levy Rate</strong></td>
<td><strong>$ 13.0551</strong></td>
</tr>
</tbody>
</table>
Since the consolidated regular levy rate does not exceed the one percent limit the districts would not have to be prorated.

1% Constitutional limit worksheet
1% Constitutional Limit

<table>
<thead>
<tr>
<th>Year</th>
<th>Effective Rate</th>
<th>TCA Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10.15228426</td>
<td>8.10125352</td>
</tr>
<tr>
<td>2015</td>
<td>10</td>
<td>7.74935575</td>
</tr>
<tr>
<td>2016</td>
<td>10.15228426</td>
<td>7.51158431</td>
</tr>
<tr>
<td>2017</td>
<td>10.17293997</td>
<td>7.36909732</td>
</tr>
<tr>
<td>2018</td>
<td>10.10101010</td>
<td>7.74847353</td>
</tr>
</tbody>
</table>
Refund Levy:

- Are used to recover administrative and adjudicated refunds.
- Taxing districts are allowed to collect money for refund levies above the levy limit. However, the maximum statutory rate may not be exceeded.
- The levy rate calculation is also affected by adjudicated and administrative refunds made by the taxing districts.

Senate Bill 5705, effective 7/28/13.

Taxing districts are authorized to re-levy for any taxes that have been:
- Refunded or will be refunded
  - Except when refunded under RCW 84.69.020(1) Paid more than once;
- Cancelled prior to payment, including abated due to destroyed property, that have been offset by the amount of supplemental taxes.
- Within the past 12 months

What are cancellations or abatements?
- They are taxes that have been cancelled or abated prior to payment. Such as:
  - Exemptions granted after the original tax roll was certified to the treasurer, but before the tax is paid.
  - Taxes that have not been paid, but that are no longer due because of a manifest error correction

What are supplements?
- Additional tax
- Compensating tax
- Taxes collected on omitted property assessment
  - Supplements do not include taxes recovered when a dispute involving highly valued property is resolved.
Refund Levy

- For example:
  - County’s Regular Levy Statutory Rate: $1.80
  - Current County Regular Levy Rate: $1.50
  - Refund Levy Rate available: $0.40
  - $1.50 + $0.40 = $1.90 (exceeds the maximum statutory rate)

Since this amount of $1.90 is over the maximum statutory rate of $1.80 the County would only be able to collect $0.30 of the $0.40 refund to be within the lawful limit.

$1.50 + $0.30 = $1.80 (lawful limit)
As the levy limitation is applied to a district’s budget over the years, the rate a district is allowed to levy on taxpayers tends to drift downward from the maximum statutory levy rate. Occasionally, a district will need to raise the levy limitation in order to increase funds. A district may ask its voters to authorize it to levy an amount that exceeds the levy limitation or “lift the levy lid.”

<table>
<thead>
<tr>
<th>What's a Lid Lift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire District Levy Statutory Rate: $1.50</td>
</tr>
<tr>
<td>Current Fire District Levy Rate: $0.90</td>
</tr>
<tr>
<td>Because of the 101% Budget Limit with no assessed value limit</td>
</tr>
<tr>
<td>Excess Capacity: $0.60</td>
</tr>
</tbody>
</table>

A LID LIFT, with a vote of the people, would allow the Fire District to “lift” the 101% limit (Lid) of their budget amount to achieve a higher rate. (RCW 84.55.050)
More information regarding lid lifts can be found in RCW 84.55.050.

Lid lifts may be either permanent or temporary. Both will generate more money, but the impacts on future levy limit calculations differ.
The amount available to levy will be the voted lid lift rate multiplied by the taxing districts total taxable value. Depending on when the lid lift is voted on and approved, the total taxable value may not be available. Revaluation is typically completed by May 31st and new construction added by August 31st.
Excess Levies

- Levy of additional taxes over and above the regular/statutory rate.
- Excess levies are not subject to the aggregate limits.
- Most excess levies require a supermajority (60%) to be approved by voters.
- Local school district excess levies for enrichment, transportation, construction or capital project levy require a simple majority to be approved by voters.
Excess Levies

- Voter-approved amount divided by Assessed Value + TAV (per thousand of AV) = Levy Rate
  - $/AV + TAV \times 1,000 = \text{Levy Rate}

- Timber Assessed Value (TAV): standing timber is exempt from property tax. In place of the property tax is a harvest tax. Timber is taxed when it is harvested. The State gives some of this harvest tax back to some taxing districts as value to reduce the levy rate.
TAV Distribution

- **Distribution**
  The computed distribution for each taxing district is a target distribution amount. The amount is not guaranteed! Whether all districts actually receive the computed distribution amount will depend upon the amount of timber tax revenue collected for the county. It is possible that actual timber tax revenues could be greater or less than the total of all the taxing districts' computed shares. The law anticipates this possibility by prioritizing the tax distributions.

- **Priority 1** – Bond levies and capital project levies (including technology capital project levies). These levies must be satisfied first with payment at a rate of 100 percent of the computed amount.

- **Priority 2** – School enrichment levies and transportation vehicle fund levies. These levies must be satisfied with payment at a rate of 50 percent of the computed amount. Although transportation vehicle fund levies are calculated using 100 percent of the district’s timber assessed value, the distribution of timber excise tax for transportation vehicle fund levies is in priority two.

- **Priority 3** – Administrative bond levies and other special (not school) levies. These levies are allotted at a rate of 100 percent prorated among all levies listed. If tax revenues exceed the calculated total shares, a reserve fund is set up that can act as a rainy day fund to level out the highs and lows and is to be used at the beginning of the following year. Priority 3 levies receive any excess revenues. Remember, if tax revenues are less than the targeted amount, Priority 3 levies are the ones to be shorted.
School District Excess Levies

- Enrichment (RCW 84.52.053):
  - Duration is 2 to 4 years

- Capital Improvements (RCW 84.52.053):
  - Duration is 2 to 6 years
  - Construction, Modernization, Remodeling of school Facilities

- Transportation (RCW 84.52.053):
  - Duration is 2 years

- Bonds (RCW 84.52.056):
  - Length of bond

These are some examples of school district excess levies.
These are some examples of fire district excess levies.
The Auditor’s Office is no longer going to validate and determine if a ballot measure passed or failed. The reason for this is due to a change in WAC 434-262-017.

The Assessor’s Office has been told that the responsibility of determining a passage or failure lies with the taxing district.
Engrossed House Bill 2242

- Engrossed House Bill 2242 – Funding Basic Education
  - Statewide school regular levy rated increased to $2.70 per 1,000 of market value (equalized)
    - Note: Legislature passed SSB6614 that will reduce the rate to $2.40 for taxes due in 2019
  - State school regular levy is rate based for four years (2018-2021) then returns to budget based system in 2022
Engrossed House Bill 2242

- **State School Levy Part 1**
  - Part 1 is the state school levy before ESH 2242
  - For taxes due in 2018 the levy amount is subject to the lesser of
    the growth limit factor of 101% or
  - 100% + IPD limit and allowable add on (new construction and
    increases to state assessed property value).
    Tax Year 2018 rate is fixed for taxes due in 2019, 2020, and 2021.

- **State School Levy Part 2**
  - For taxes due in 2018, the rate is $2.70 minus the Part 1 rate
  - Rate is fixed for taxes due in 2019, 2020, and 2021
  
  Tax Year 2018 Part 2 rate = $2.70 – Tax Year 2018 Part 1 rate
  
  Note: Legislature passed SSB6614 that will reduce the rate to $2.40
  for taxes due in 2019
Engrossed House Bill 2242

- Engrossed House Bill 2242 – Funding Basic Education
  - M&O local school levies – no changes for tax year 2018
  - Starting in 2019 M&O levies are now called Enrichment levies
    - The maximum levy is the lesser of:
      - $1.50 per 1,000 of AV or
      - $2,500 per pupil to be increased by inflation
Engrossed House Bill 2242

- Understanding all the changes — Taxpayer impact
  - State levy increase starts in Tax Year 2018
  - Enrichment levy cap starts in Tax Year 2019
  - Let’s look at an example
Note: 2019 school districts enrichment levies will be capped at $1.50. Some districts levy rate may be less than $1.50 per 1,000 AV.
Note: 2019 school districts enrichment levies will be capped at $1.50 per 1,000 of AV. Some districts levy rate may be less than $1.50 per 1,000 of AV. Also, 2019 estimates include 12.18% value increase and all local school districts at an estimated levy rate of $1.50 per 1,000 of AV.
Resources

- Department of Revenue’s Website - [http://dor.wa.gov](http://dor.wa.gov)
- Department of Revenue’s “Homeowner’s Guide to Property Tax.”
- Annual Report – Snohomish County Assessor’s Office website - [http://www.snohomishcountywa.gov/2934/Assessor](http://www.snohomishcountywa.gov/2934/Assessor)
- Washington State Tax Structure Study
- Levy Classes – Snohomish County & DOR