

Levy Process




Simplified Levy Process

Property taxes in Washington State use a **budget** based system, not a rate based system.

What you need

1. Taxpayers – Value of property
2. Taxing Districts – Budget resolutions (amount to be levied).

Taxing districts are able to increase their budget amounts primarily via 2 options:

1. Increase levy by 1% over their highest lawful levy since 1985 (HLL)
 2. Increases from new construction (NC) and state assessed utilities (SAUs)
- 

Levy Rate

Budget / Value x 1000 = Levy Rate

Example: New EMS Levy Year 1

Budget = \$50,000

Value of District = \$100,000,000.

$\$50,000 / \$100,000,000 \times 1000 = \0.50

Levy rate for this district is \$0.50 per thousand dollars of assessed value.

Taxpayers Bill

Property value x Rate /1000 = Tax Bill

Example: EMS Levy Year 1

Property Value = \$300,000

Rate = \$0.50 per thousand

$\$300,000 \times 0.50 / 1000 = \150

Rate Example EMS Levy Year 2

District elects to take 1% and money available from New Construction (NC) and State Assessed Utilities (SAU).

1% increase: $\$50,000 \times 1.01 = \$50,500$

NC/SAU increase = \$1500

Year 2 budget (HLL) = $\$50,500 + \$1500 = \$52,000$

Year 2 District Value = \$200,000,000

Budget / Assessed Value x 1000 = Levy Rate

$\$52,000 / \$200,000,000 \times 1000 = \0.26

Year 2 levy rate with double the assessed value almost halved the levy rate to \$0.26 per thousand.

Taxpayers Bill Year 2

Property value x Rate / 1000 = Tax Bill

Example: EMS Levy Year 2

Property Value = \$600,000

Rate = \$0.26 per thousand

$\$600,000 \times 0.26 / 1000 = \156

Even though property value doubled the increase in taxes for year 2 was \$6.

Rate Example EMS Levy Year 3

Large Annexation Away From EMS

District elects to take 1% and money available from New Construction (NC) and State Assessed Utilities (SAU).

1% increase: $\$52,000 \times 1.01 = \$52,520$

NC/SAU increase = \$1,500

Year 3 budget (HLL) = $\$52,520 + \$1,500 = \$54,020$

Year 3 District Value = \$50,000,000

EMS Statutory Maximum per RCW = \$0.50

Budget / Assessed Value x 1000 = Levy Rate

$\$54,020 / \$50,000,000 \times 1000 = \1.08

Year 3 levy rate with half the first years assessed value caused the levy rate to increase to \$1.08 per thousand.

Statutory Maximum Exceeded

Year 3 levy rate is \$1.08 per thousand. This is *above* the statutory maximum rate for the district and therefore must be limited down

EMS levy statutory maximum rate is \$0.50

$\$50,000,000 * \$0.50 / 1000 = \$25,000$
allowable levy for Year 3.

Budget for year 3 is \$54,020.

$\$54,020 - \$25,000 = \$29,020$.

This district will *lose* \$29,020 from their levy due to only being allowed to collect the statutory maximum. They will have to make do with only \$25,000 for the year.

Taxpayers Bill Year 3

Property value x Rate /1000 = Tax Bill

Example: EMS Levy Year 3

Property Value = \$150,000

Rate = \$0.50 per thousand

$$\$150,000 \times 0.50 / 1000 = \$75$$

With the reduction in levy rate to the statutory maximum and reduction of the property value this owner pays \$81 less than year 2.

Relationship of Values to Levy Rates

When Values GO UP....

Levy Rates GO DOWN.

When Values GO DOWN....

Levy Rates GO UP.

Having a large gap between a districts current levy rate and their statutory maximum indicates that the district has a large buffer to keep their full levy amounts even when property values drop.