

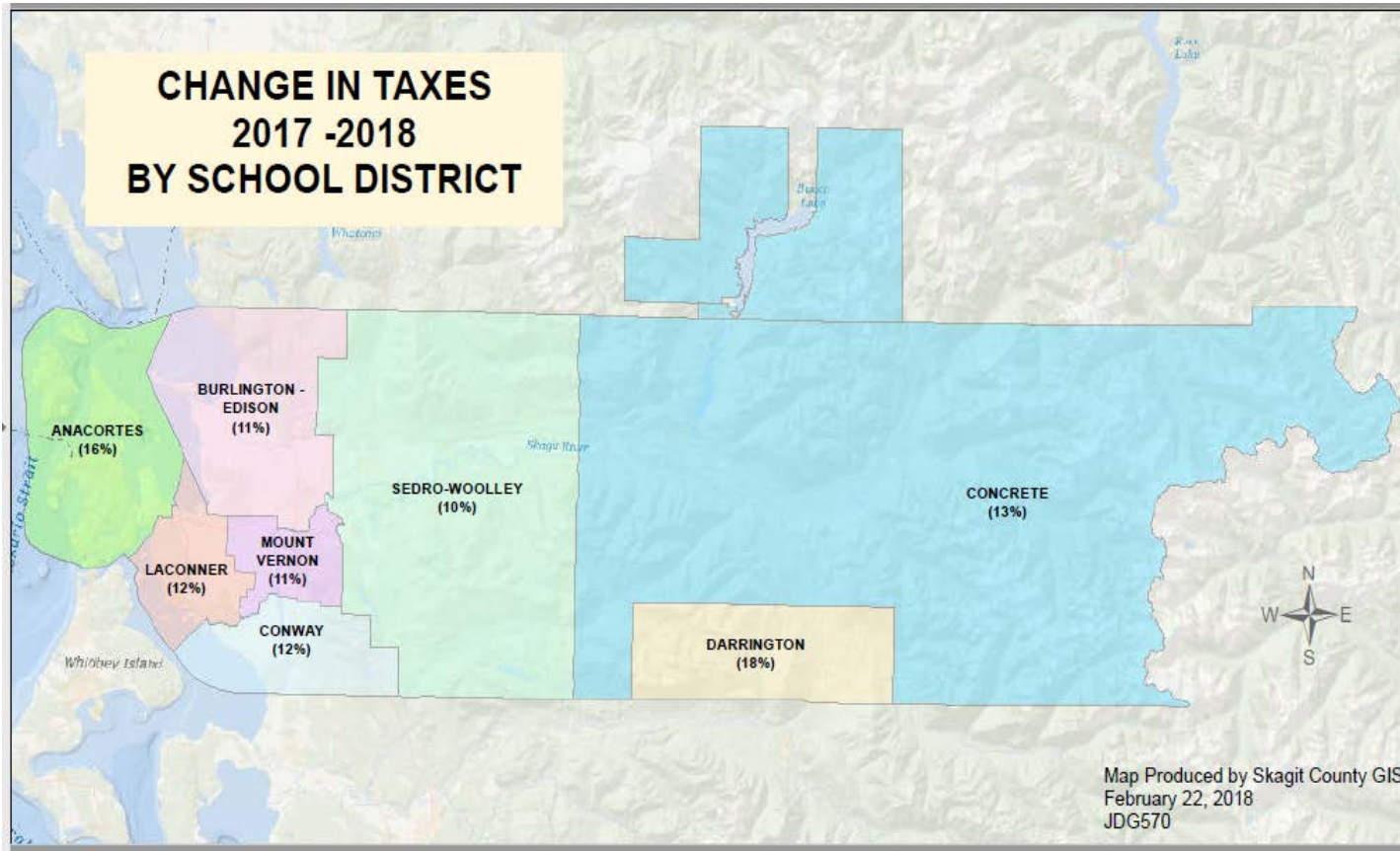
# Property Tax and School Funding Legislation

2018

# What Happened to Property Tax in 2018

- ▶ Engrossed House Bill 2242 passed the legislature in 2017 increasing the state school levy to comply with the Supreme Court decision in McCleary vs. State of Washington
- ▶ For Skagit County that increased the state levy amount from \$33.4 million to \$50.9 million, an increase of 52.5% from 2017
- ▶ Several local levies passed in 2017 affecting portions of the county
- ▶ Assessed property values increased county-wide approximately 8%

# Percentage Tax Increase by Region\*



Total tax increase generated compared to 2017

# Tax Statement Examples

- ▶ The following examples of tax statements show the difference in tax amounts for each tax district in the respective tax areas represented
- ▶ At the bottom is the overall percentage increase from 2017 to 2018 after summing voted levies with non-voted levies for each year
- ▶ The percentage shown at the top represents what the percentage increase would be if the new state school levy is excluded (highlighted with arrow)
- ▶ Those increases reflect some of the local levy increases and value increases above the average

# 2018 Rural Mount Vernon Example

## Increase w/o EHB 2242 is 7%

<b>Tax Distribution</b>		
<b>Tax Area Code: 2770</b>		
<b>VOTED</b>	<b>2017</b>	<b>2018</b>
MEDIC 1 SERVICES	98.47	105.69
HOSPITAL DISTRICT 1	242.61	269.14
SCHOOL DISTRICT 320	1931.23	2076.21
<b>TAX</b>	<b>2272.31</b>	<b>2451.04</b>
<b>Levy Rate: 7.8584224270</b>		
<b>NON-VOTED</b>	<b>2017</b>	<b>2018</b>
SKAGIT COUNTY	417.86	449.11
CONSERVATION FUTURES FUND	14.79	15.86
COUNTY ROAD	504.60	546.92
FIRE DISTRICT 3	186.24	190.93
PORT DISTRICT 2	59.23	63.36
STATE LEVY	562.55	582.64
STATE LEVY SCHOOL PART 2	0.00	319.32
<b>TAX</b>	<b>1745.27</b>	<b>2168.14</b>
<b>Levy Rate: 6.9513934252</b>		
Exemption Amount: 0.00		
Total Levy Rate per \$1000: 14.8098158522		

**overall increase 15%**

# 2018 Anacortes Example

## Increase w/o EHB 2242 is 4%

<b>Tax Distribution</b>		
<b>Tax Area Code: 0900</b>		
<b>VOTED</b>	<b>2017</b>	<b>2018</b>
ANACORTES	124.35	129.52
MEDIC 1 SERVICES	282.27	279.76
FIDALGO PARK & RECREATION DISTRICT	101.56	104.98
HOSPITAL DISTRICT 2	352.60	356.38
SCHOOL DISTRICT 103	2308.22	2405.01
<b>TAX</b>	<b>3169.00</b>	<b>3275.65</b>
<b>Levy Rate: 3.9676049741</b>		
<b>NON-VOTED</b>	<b>2017</b>	<b>2018</b>
ANACORTES	1279.15	1264.41
SKAGIT COUNTY	1197.88	1188.77
CONSERVATION FUTURES FUND	42.38	41.99
HOSPITAL DISTRICT 2	153.26	412.80
PORT DISTRICT 1	79.53	82.40
STATE LEVY	1612.64	1542.26
STATE LEVY SCHOOL PART 2	0.00	845.24
<b>TAX</b>	<b>4364.84</b>	<b>5377.87</b>
<b>Levy Rate: 6.5138888782</b>		
Exemption Amount: 0.00		
Total Levy Rate per \$1000: 10.4814938523		



**Total increase**  
**15%**

# 2018 Burlington Example

## Increase w/o EHB 2242 is 13%

### Tax Distribution Tax Area Code: 0905

VOTED	2017	2018
MEDIC 1 SERVICES	74.46	85.02
SCHOOL DISTRICT 100	1081.28	1233.43
<b>TAX</b>	<b>1155.74</b>	<b>1318.45</b>
Levy Rate: 5.2548426032		

NON-VOTED	2017	2018
BURLINGTON	397.87	455.53
SKAGIT COUNTY	315.97	361.26
CONSERVATION FUTURES FUND	11.18	12.76
HOSPITAL DISTRICT 304	34.16	38.03
PORT DISTRICT 2	44.78	50.97
STATE LEVY	425.38	468.69
STATE LEVY SCHOOL PART 2	0.00	256.87
<b>TAX</b>	<b>1229.34</b>	<b>1644.11</b>
Levy Rate: 6.5528937795		

Exemption Amount: 0.00

Total Levy Rate per \$1000: 11.8077363827

**Total increase 23%**

# State Levy 2017 vs. 2018

State levy	2017	2018 Part 1	2018 Part 2**	2018 Total
Value*	\$16,382,861,781	\$17,695,717,325	\$17,461,427,342	
Levy	\$33,391,967	\$33,056,375	\$17,876,914	\$50,933,289
Rate	\$2.04	\$1.87	\$1.02	\$2.89

\* Total taxable value for county

\*\* Value adjusted for exempt seniors



# Single Property State Levy\*

Year	2017	2018 Part 1	2018 Part 2	2018 Total
Property value	\$277,400	\$300,000	\$300,000	
State levy rate	2.04	1.87	1.02	
State tax amount	\$565	\$561	\$306	\$867

\* Randomly selected property example

# Local Levy Changes for 2018

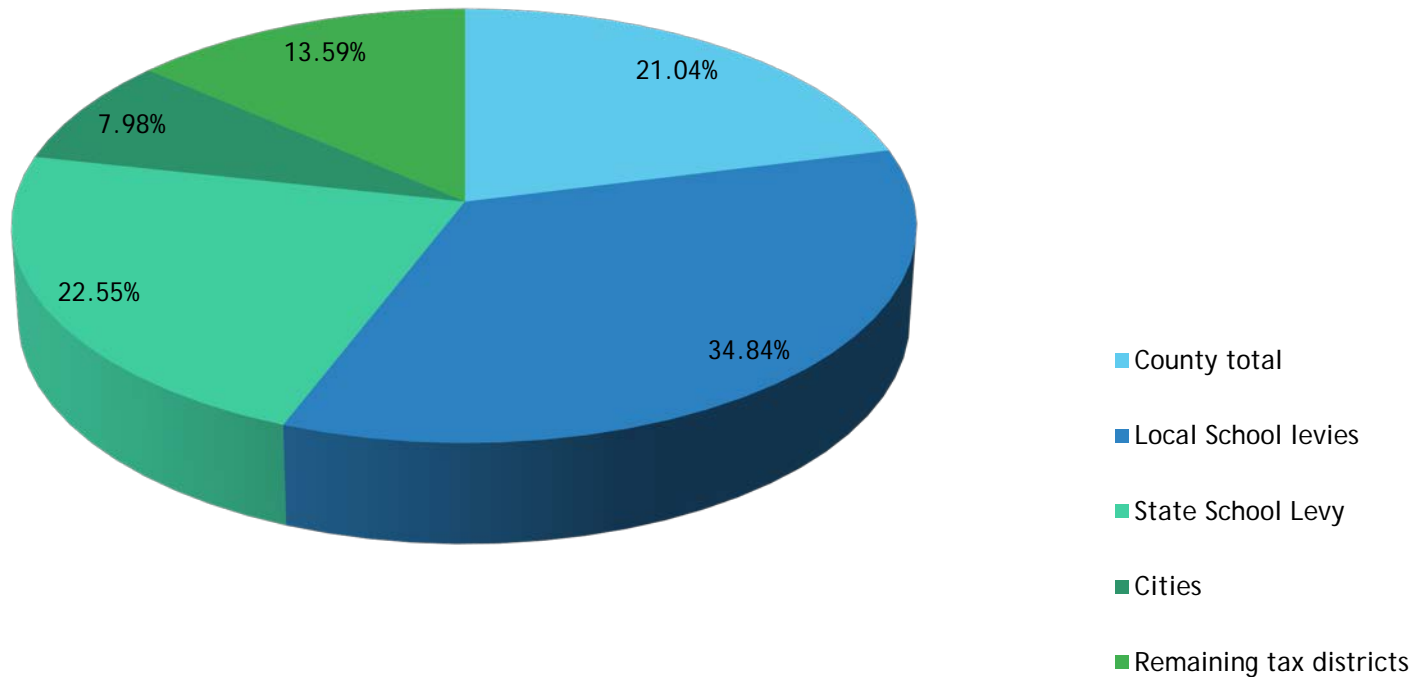
- ▶ Most local tax districts are limited to a one percent increase from their previous highest lawful levy, plus new construction and increases in state assessed utilities
- ▶ Local tax districts can increase their tax revenue by a vote of the citizens within their district to lift the levy limit (lid lift)
- ▶ In some cases tax districts that take less than their highest lawful levy in a prior year can use that reserve to increase their levy capacity the next year

# Local Levies Passed by Voters in 2017 for 2018 Collection

<b>Tax District</b>	<b>Ballot Measure</b>	<b>Rate Increase*</b>
Fire District 6	Levy lid lift	\$0.28
Island Hospital	Levy lid lift	\$0.31
Anacortes School District	Increase construction bond	\$0.07
Burlington School District	Supplement M&O levy	\$0
La Conner School District	M&O levy increase	\$0.31
Non-voted levy increase		
Fire District 12	Used available levy capacity	\$0.12

\* per \$1,000 of assessed value

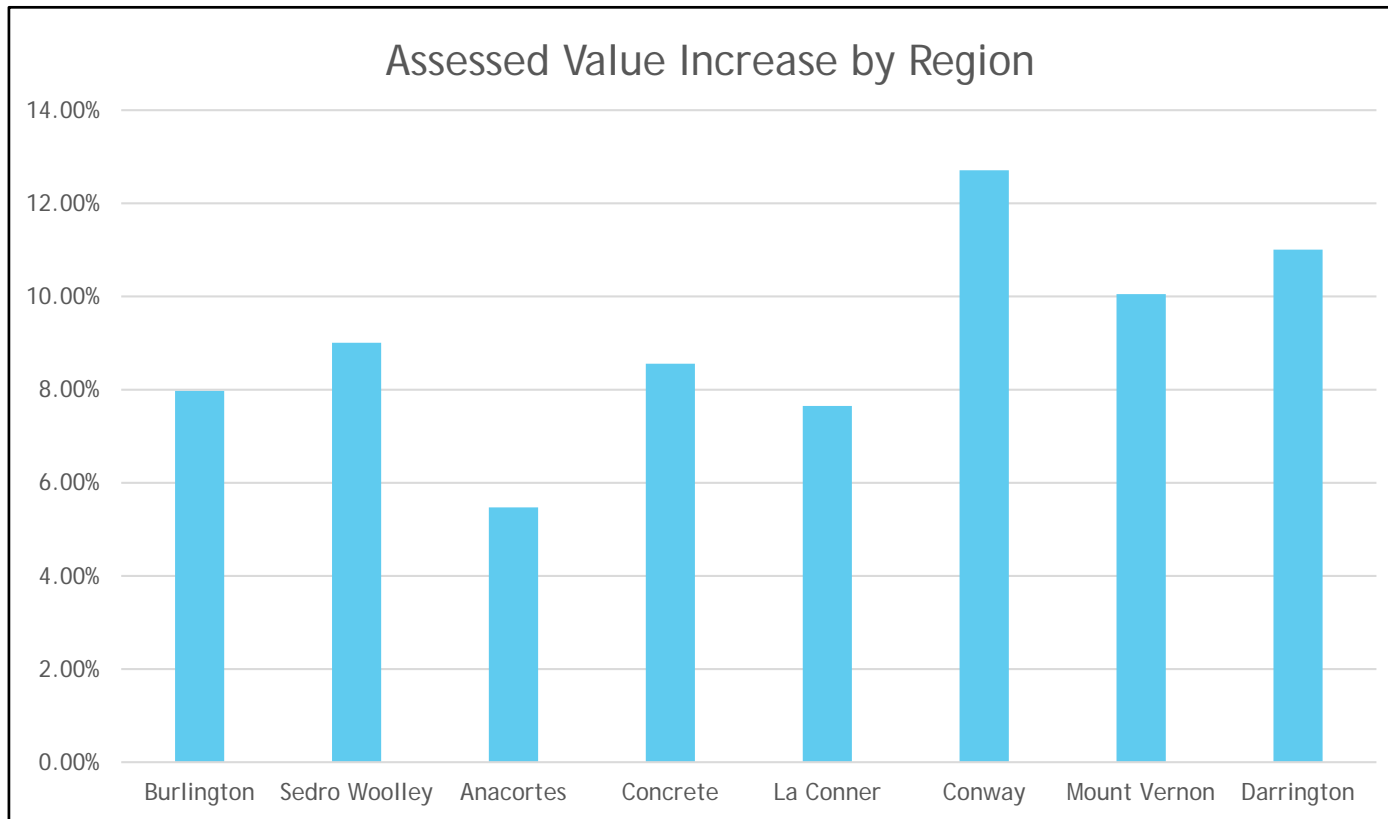
## 2018 Property Tax Distribution in Skagit County



# Property Values

- ▶ 2018 property taxes are based on assessed values effective as of January 1, 2017
- ▶ County-wide assessed values increased approximately 8%. Increases on individual properties vary based on location, physical changes and market classification
- ▶ Properties in the La Conner and Conway School Districts were re-appraised in 2017 as part of the six-year revaluation cycle. Many properties had more significant value increases

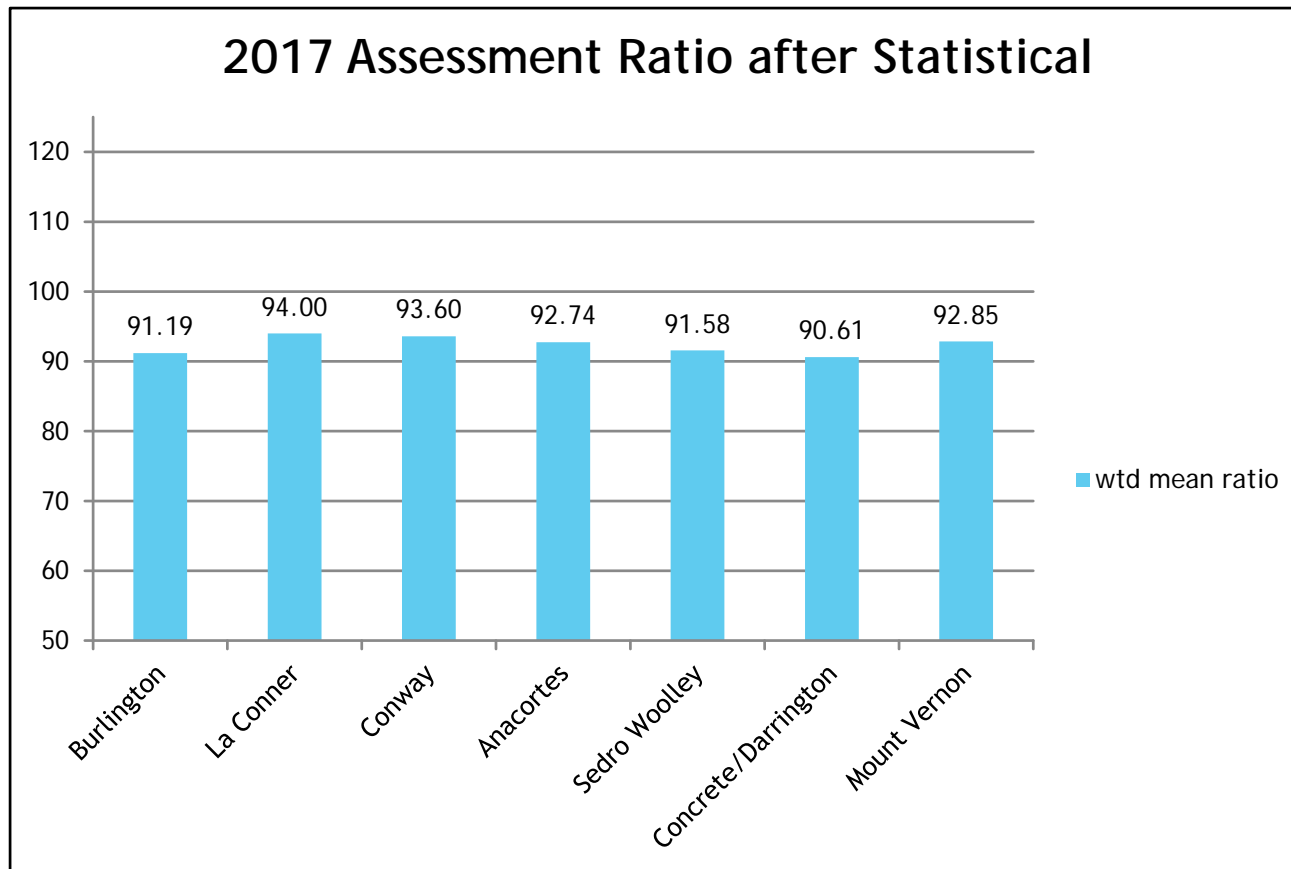
# Breakdown of Assessed Value Increase



# Basis of Assessed Value Increase

- ▶ Property appraisals in Conway and La Conner school districts
- ▶ Annual ratio study of assessed value to selling price on valid transactions county wide (statistical update)
- ▶ New construction value for period from August 1, 2016 through July 31, 2017, totaling \$265,529,049
- ▶ Increase in state assessed utilities, \$27,559,666 for 2017

# 2017 Ratio Study





# In Conclusion

- ▶ Intent of EHB 2242 to comply with State Supreme Court decision McCleary vs. State of Washington to adequately fund state schools
- ▶ 2017 state legislature elected to use property tax as means to comply by increasing the state school levy to a rate of \$2.70 for four years
- ▶ All local school levies remain as approved by voters for 2018 with limits applied to operation levies for years 2019-2021. Result was extreme one-year increase
- ▶ 2018 state legislature is working to reverse the increase in the state school levy as a result of public outcry

# State Legislature Contacts for Skagit County

<u>District 40 Legislators</u>	<u>District 10 Legislators</u>	<u>District 39 Legislators</u>
Senator Kevin Ranker	Senator Barbara F. Bailey	Senator Keith Wagoner
<a href="mailto:Kevin.Ranker@leg.wa.gov">E-mail: Kevin.Ranker@leg.wa.gov</a>	<a href="mailto:Barbara.Bailey@leg.wa.gov">E-mail: Barbara.Bailey@leg.wa.gov</a>	<a href="mailto:Keith.Wagoner@leg.wa.gov">E-mail: Keith.Wagoner@leg.wa.gov</a>
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