

# Homeowner's Guide to Property Tax

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In Washington state, all real and personal property is subject to tax unless specifically exempted by law.

Property tax was the first tax levied in the state of Washington. Today, property tax accounts for about 30% of total state and local taxes. It continues to be the most important revenue source for public schools, fire protection, libraries, and parks and recreation.

The information contained in this publication is current at the time of production. However, state tax laws, their interpretation, and their application can change because of legislative action, reviews, or court decisions. This publication will not reflect these changes.

## Property values

State law requires that assessors appraise property at 100% 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 of money that a willing and unobligated buyer is willing to pay a willing and unobligated seller.

## Real property

Real property includes land, improvements to land, structures, and certain equipment affixed to structures. Characteristics of real property that influence the value include but are not limited to zoning, location, view, geographic features, easements, covenants, and the condition of surrounding properties.

The assessor values real property using one or more of the following appraisal methods:

- Market or sales comparison approach to value is determined, or estimated, based on multiple sales of similar properties. Most residential property is valued using this method.
- Cost approach to value is determined based on the cost of replacing an existing structure with a similar one that serves the same purpose. This method is commonly used to value new construction.
- Income approach to value is determined based on the income producing potential of the property. This method is used primarily to value business property.

## Personal property

The primary characteristic of personal property is mobility. Personal property includes furnishings, machinery and equipment, fixtures, supplies, and tools.

Most personal property owned by individuals is specifically exempt. However, if these items are used in a business, personal property tax applies. For detailed information about personal property tax, please refer to the Personal Property Tax publication.



## Changes to property values

All counties revalue properties each year and are required to do physical inspections at least once every six years.

If your appraised property value changes, you will receive a change of value notice that lists the old and new appraised value of land and improvements. By comparing the two values, you can determine if your appraised property value has increased or decreased.

The assessed value of your property may be less than the appraised value if you are receiving any type of property tax exemption or reduction.

Valuation notices are not tax bills. An increase in value does not necessarily mean that next year's property taxes will increase at a proportionate rate.

*This fact sheet provides general information about Washington's property tax. For more information or to get answers to specific questions, please contact your local county assessor's office.*

## Property tax rates and limitations

Property tax rates are expressed in dollars per thousand dollars of assessed property value. Assessors set the levy rate based on the taxing district's budget request, the total assessed value of the taxing district, and any applicable levy limitations.

Property tax levy limitations restrict or limit increases to property tax rates. Two such limitations include the One-Percent Constitutional Limit and the Levy Limit.

### The 1% constitutional limit

Washington State's Constitution limits the regular (non-voted) combined property tax rate that applies to an individual's property to 1% of market value (\$10 per \$1,000). Voter approved special levies, such as special levies for schools, are in addition to this amount.

### The levy limit

The levy limit applies to a taxing district's levy amount, and not to increases in the assessed value of individual properties. The limit is based on the population of the district as well as the district's need to increase revenue. The law restricts taxing districts from levying, in any year, more than a 1% increase in its regular, non-voted levy over the highest amount that could have been levied since 1985.

A taxing district with a population below 10,000 must adopt a resolution/ordinance to be able to increase its levy up to the 1% limit.

Taxing districts with a population of 10,000 or more are limited to the lesser of 1% or the rate of inflation with the adoption of a resolution/ordinance. If the rate of inflation is less than one percent, the district could increase its levy up to the 1% limit if it can show substantial need for additional funds and its governing board passes a second resolution/ordinance.

Because the levy limit does not include new construction, annexations, and voter approved excess levies, a taxing district's actual revenue increase may be greater than 1%.

## Appeal of true and fair market value

If you do not agree with the assessed value of your property, you are encouraged to contact your local county assessor's office. You can find a full list here: [dor.wa.gov/CountyContacts](https://dor.wa.gov/CountyContacts).

Disagreements of property values are often settled at this level. You may request copies of the comparable sales information the assessor used to value your property.

If you are unable to reach an agreement, you may file an appeal with the county board of equalization (BOE) in the county where the property is located. Appeal forms are available at the assessor's office, BOE office or [dor.wa.gov/forms-publications/forms-subject/property-tax-forms#Appeals](https://dor.wa.gov/forms-publications/forms-subject/property-tax-forms#Appeals)

The completed petition must be filed with the BOE by July 1 of the assessment year you are appealing or within 30 days of the date the change of value notice was mailed, whichever date is later. Some counties have extended the filing deadline up to 60 days. Please check with the Board of Equalization in the county where the property is located to determine your filing deadline.

If you or the assessor disagrees with the BOE determination, their decision can be appealed to the State Board of Tax Appeals (BTA). If the appeal at the BTA is a "formal" appeal compared to an "informal" appeal, the decision made by the BTA can be appealed in Superior Court.

### Information needed to appeal

The appeal form must include specific reasons why you believe the assessor's valuation is incorrect. Examples may include an appraisal of your property as of the assessment date in question, excessive deterioration of your property or sales of similar properties reflecting a lower value for your property. Statements that the assessor's valuation is too high or property taxes are excessive are not sufficient reasons.

For a successful appeal, you must provide market evidence that clearly shows the assessor's valuation is incorrect. This evidence may include information on sales of comparable properties in your area or documentation about conditions of the property that the assessor may not have known. For example, the land is not suitable for a septic system or is not suitable for a building site.

If you have any questions about appeal procedures, please contact your local BOE or the assessor's office. The telephone numbers are listed in the county government section of the telephone directory.

**You must provide market evidence that the assessed value does not reflect true and fair market value.**

## Property tax rates vary

Many factors determine property tax rates, the amount of property tax due on comparable properties will vary throughout a county. The three main factors that determine the tax rate include:

- Various combinations of taxing districts in different areas of the county.
- Budget amounts for each taxing district.
- Voter-approved special levies and bonds.

## Calculating your taxes

If you know the assessed value of your property and the tax levy rate, you can calculate the amount of tax. For example, if the assessed value of your property is \$150,000 and the levy rate is \$9.41 per thousand dollars of value, your tax will be \$1,411.50.

$$\frac{\$150,000 \times .00941 (\$9.41 \text{ per } \$1,000)}{\$1,411.50 \text{ tax liability}}$$

## How to pay your property taxes

Property tax statements are mailed by the county treasurer in February of each year. To avoid interest and penalties, at least half of the amount due must be paid by April 30 (if the tax is less than \$50 it must be paid in full by April 30) and the balance by October 31. You can pay your property tax in person or by mail. Some counties are now accepting electronic payments via the county treasurer website. Check with your county treasurer to see if this option is available to you. When paying by mail, be sure to write the tax parcel or account number on your check and include the tax statement payment stub.



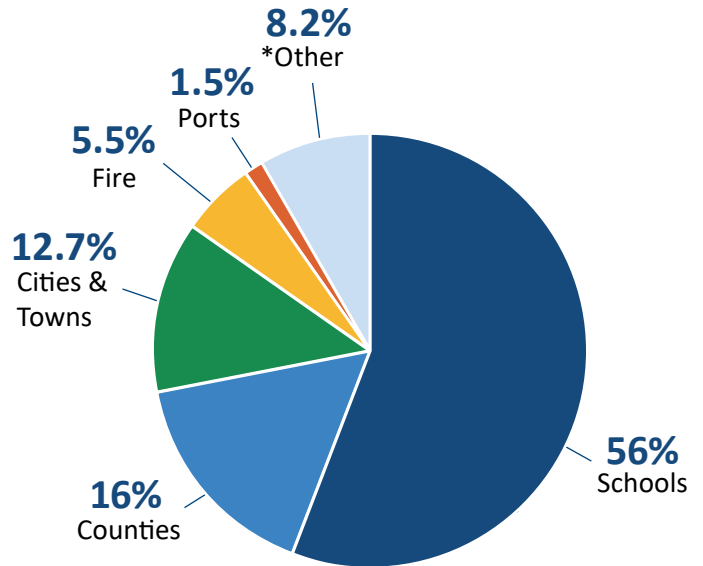
Many lending companies pay the property tax for the homeowner from a property tax reserve account. In this case, tax statements are sent directly to the lending

company. If your lending company pays the tax directly and you would like to receive information, please contact your local county treasurer's office.

## Questions

If you have questions about paying your property taxes, please contact your local county treasurer's office.

## Where your property tax money goes



*\* Other includes regional libraries, parks and recreation, emergency medical, and hospital districts. (Distribution of 2015 tax year)*

## Reductions, exemptions, deferrals and assistance

### Reductions

#### Destroyed property

Any real or personal property that has been destroyed in whole or part, or is in an area that has been declared a disaster area by the governor or the county legislative authority and has been reduced in value by more than 20% may be eligible for a property assessment reduction and or abatement of property taxes. Destroyed property form applications are available at your assessor's office or on line at [dor.wa.gov/sites/default/files/2022-02/64-0003.pdf](http://dor.wa.gov/sites/default/files/2022-02/64-0003.pdf).

#### Current use program and designated forest land

Owners of agricultural, open space, timber land, or designated forest land may qualify for a reduced assessment under the current use program or as designated forest land. However, additional tax, interest,

and penalties or compensating tax may apply when property is removed from classification.

Applications must be received by Dec. 31 for a reduction in assessment the following year. Application forms are available through the assessor's office.

## Exemptions

### Property tax exemption for senior citizens and disabled persons

This program freezes the value of your residence (as of January 1 of the initial year of application), exempts all excess levies, and may exempt a portion of regular levies, thereby reducing the amount of property tax due. Senior citizens, veterans with a 100% service-connected disability, and disabled persons may qualify. Household income determines eligibility and level of exemption. The county assessor approves or denies applications for this program.

### Three-year tax exemption on value of remodel

If you improve your single family residence such as adding a new room, deck, or patio, you may qualify for a three-year tax exemption on the value of the improvements. Normal maintenance does not qualify. To receive the exemption, you must apply through your local county assessor's office prior to beginning your remodeling project.

### Other exemption

Churches, government entities, and many nonprofit agencies are exempt from property tax if they use property for a tax-exempt purpose. The Department of Revenue determines which properties are entitled to the exemption based on laws enacted by the Legislature.

## Deferrals

Under these programs, the state of Washington pays all, or a portion, of your property taxes on your behalf. Unlike the tax exemptions, deferred taxes are a lien on the property. The lien becomes payable, together with interest, upon sale, transfer, or inheritance of the property, or when the home is no longer your primary residence. The county assessor approves or denies applications for the deferral programs.

### Property tax deferral program for senior citizens and disabled persons

If qualified, you can defer your property taxes and special assessments in an amount up to 80% of the equity in your home. Senior citizens and disabled persons may qualify. Household income and equity determine eligibility. The current interest rate is set in statute and is 5%.



### Property tax deferral program for homeowners with limited income

If qualified, you can defer your second half property taxes, due in October, in an amount up to 40% of the equity in your home. There is no age or disability requirement but you must have owned your home for at least five years. Household income and equity determine eligibility. The interest rate varies annually, as provided in statute, and is based on an average of the federal short-term rate, plus 2%.

## Assistance

### Property tax assistance for widows or widowers of veterans

This program is a grant assistance program to help you pay property taxes. Senior citizens and disabled persons who are widows or widowers of a veteran may qualify. Age or disability, household income, and your spouse's veteran status at the time of his/her death determine eligibility for this program. The Department of Revenue administers this program and approves or denies claims for assistance.



## Important dates to remember

### January 1

Real and personal property is valued for taxes due next year.

### March 31

Applications due for Senior/Disabled Deferral and Widow/Widower Assistance.

### April 30

First half of property taxes due.

Personal Property listing forms due to assessor.

### May 1

1% per month (12% per annum) assessed on delinquent taxes.

### June 1

3% penalty assessed on current year's delinquent taxes.

### July 1

Deadline for appeals to the County Board of Equalization on current year's assessment; or 30 days from date of notification, whichever is later.

### August 31

New construction placed on current assessment roll at the valuation assessed July 31.

### September 1

Limited Income Deferral applications due.

### October 31

Second half of property taxes due.

### December 1

8% penalty assessed on current year's delinquent tax.

### December 31

Current Use Program and Designated Forest Land applications due.

Property tax exemption applications for senior citizens and disabled persons due.

## For general information, contact the Department of Revenue

- Telephone Information Center, 360-705-6705.
- [dor.wa.gov](http://dor.wa.gov).
- For tax assistance or to request this document in an alternate format, visit [dor.wa.gov](http://dor.wa.gov) or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

## Need more information?

The following publications are available from your local county assessor's office. You may also obtain a copy from the Department of Revenue online at [dor.wa.gov](http://dor.wa.gov) or by calling 360-534-1400.

- Personal Property Tax.
- Nonprofit Organizations.
- Property Tax Deferrals for Senior Citizens and People with Disabilities.
- Property Tax Deferrals for Homeowners With Limited Income.
- Property Tax Exemptions for Senior Citizens and People with Disabilities.
- Assistance Program for Widows or Widowers of Veterans.
- Open Space Taxation Act.
- Appealing your Property Tax Valuation to the County Board of Equalization.

## Questions

Your local county assessor's office can answer questions regarding:

- Assessed values.
- Appeals.
- Personal property.
- Current Use Program and Designated Forest Land.
- Property Tax Deferrals for Senior Citizens and People with Disabilities.
- Property Tax Deferrals for Homeowners With Limited Income.
- Property Tax Exemptions for Senior Citizens and People with Disabilities.

Your local county treasurer's office can answer questions regarding:

- Tax statements.
- Paying property tax.