



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

June 12, 2017

The Honorable Dave Cook
Yakima County Assessor
128 N 2nd St Rm 112
Yakima, WA 98901

2017 Yakima County Levy Audit Report Comments and Responses

The Honorable Dave Cook:

Thank you for your comments and suggestions on the draft 2017 Yakima County Levy Audit Report. After reviewing the draft report and information provided in your response, I have compiled a summary of your comments, followed by the Department of Revenue's (Department) responses.

Yakima County General - The Assessor must calculate the levy limit using the prior year's levy rate or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year.

The Assessor is required to apply the authorized dollar increase and percentage of change, as stated in a separate ordinance or resolution provided by the taxing district, to the district's previous year's levy amount.

Assessor's Comment (in part): *The Executive Summary Requirement in question states "the Assessor must calculate the levy limit using the prior year's levy rate or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year." While this comment follows the instructions given in the last paragraph on the last page of the Property Tax Road Levy Shift directions; which state "the amount to be added is calculated using the actual rate from the previous year. There is no provision to use a rate other than the actual rate." The question is, who says there's no provision?*

It seems that DOR has, itself said there is a provision as that statement is contrary to the instructions given in the fourth paragraph of the very first page of that same set of instructions to Assessors. That paragraph states "the Assessor's office makes the levy limit calculation for each fund before the shift takes place. This ensures that neither the district becomes entitled to more funds (after the Road Levy Shift) than they would be allowed if the shift did not occur.

How does one justify being required to calculate the levy for each fund "before the shift takes place to ensure that neither district becomes entitled to more money" if you are going to calculate the next year's increases for New Construction, improvements to property, newly constructed wind turbines, and increase in state-assessed values using the rate after the shift? By using the rate after the shift you are creating that exact situation whereby one of the districts is receiving more funds than they are entitled to, while the other is not receiving the funds they are.

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Department's Response: RCW 84.08.080 authorizes the Department to decide questions of interpretation of Title 84, with the advice of the attorney general. It is with this authority that the Department concludes there are no statutory provisions to apply a rate other than the actual rate levied by the district in the following year's calculation of increased levy capacity due to new construction and improvements to property, newly constructed wind turbines, solar biomass, geothermal facilities, if the facility is not state assessed, and the increase in value of state-assessed property.

We will update our reference in the fourth paragraph of Section 6.4 of the Levy Operating Manual to explain that the amount of funds actually shifted from the road levy is not deducted from the district's highest lawful levy since 1985, and the amount of funds that were shifted to the county general levy are not included in the district's highest lawful levy since 1985. We hope this change will help clarify how the levy limit calculation is completed.

Conclusion: The Department has considered the Assessor's statements, but finds no legal basis to change our longstanding interpretation of the statutes. Therefore, the requirement remains in the 2017 levy audit.

You may wish to propose new legislation to clarify how RCW 84.55.010 should work following a levy shift if you do not believe our interpretation is what the Legislature intended.

Thanks to you and your staff for your cooperation and assistance during the audit process. Your comments and questions are important. The Department's goals in conducting the review are to provide education and support to the assessors and staff to ensure compliance with state laws and administrative rules.

I have enclosed the final copy of the 2017 Yakima County Levy Report. If you have additional questions or concerns, please contact me at (360) 534-1429 or by email at DianaBu@dor.wa.us.

Sincerely,



Diana Burch
County Review Auditor
Property Tax Division