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Washington Department of Revenue Property Tax Division

2016 Whitman County Levy Audit A Summary Report



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Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Whitman County Assessor in their processes and procedures to ensure compliance with state statutes and regulations.

Method of Calculation

The Department calculated the levy limits and levy rates for several of the taxing districts for the 2016 tax year. To determine whether an error occurred, the Department compared the amount levied for the district with the levy limit, the statutory rate limit, the amount authorized by each district's resolution, and the levy amount certified by the district.

Information Reviewed

The Department reviewed the following information for the 2016 tax year.

- Resolutions adopted by the districts
- Levy certificates (budgets)
- Administrative and adjudicated refunds
- Ballot measures
- Levy limit worksheets
- The State levy letter

We do not review every taxing district's levy. We audited approximately 40 percent of the taxing districts. The scope of the audit did not include the review of earmarked funds.

Taxing Districts Selected

The Department reviewed the following taxing districts for the 2016 tax year:

- Whitman County General and Road
- City/Towns: Albion, Colton, Oakesdale, and Rosalia
- Fire Districts: 2, 4, 6, 8, and 12
- Hospital District No. 2 and 4
- Port of Whitman County
- Parks and Recreation Districts No.1, 4, and Pullman Metropolitan Park
- School Districts: Lacrosse, Clarkston, Tekoa, Colfax, Colton, and Spokane
- Cemetery Districts: 1, 2, 4, and 7

Executive Summary

Introduction

The primary purpose of a levy audit by the Department is to assist the county assessor in successfully performing the duties associated with levying taxes for the districts within the county.

An effective audit of levy calculations consists of gathering information from the assessor's office to determine the level of compliance with laws and rules, the accuracy of levy calculations, and the effectiveness of record keeping.

Categories of Results

The Department has completed its review and grouped the results into two categories:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the assessor, taxing districts, and the county legislative authority. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the assessor. The Department believes the assessor could improve their performance and service to the public by making voluntary changes in procedures

The Department based the requirements and recommendations contained in this report on our review of the administrative procedures employed, existing state statutes and regulations, and areas we saw opportunities to improve processes, procedures, and communication.

Results

The Department identified 10 requirements and 1 recommendation directed toward improving the accuracy of the levy process.

The items identified may be specific to the assessor's duties, the taxing district duties, county legislative authority duties, or they may have shared components of responsibility. We have listed a summary of these items in the requirements and recommendation sections.

Executive Summary, continued

Requirements

1. The Assessor is required to certify the completed tax roll to the Whitman County Treasurer (Treasurer) on or before January 15.
2. The Assessor is required to calculate the levy limitations based on the budget requests or estimates made by the taxing districts and certified to the Assessor by the county legislative authority.
Most taxing districts that intend to levy a property tax are required to certify an amount to levy to the county legislative authority.
The county legislative authority is required to certify to the Assessor the amount to be levied for each of the taxing districts coextensive with their county.
3. 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 actual levy amount.
4. The Assessor is required to start with a base levy rate of \$3.60 per thousand dollars assessed value as the statutory maximum levy rate for cities and towns annexed to a fire and/or library district, less any regular levy made by the fire or library district in the incorporated area, plus an additional \$0.225 per thousand dollars assessed value if the city or town has a firefighter's pension fund.
5. The Assessor is required to apply the appropriate limit factor, based on the district's population and resolutions authorizing an increase in property tax, to the district's highest lawful levy, and increase the district's prior year's levy only when authorized by the district's governing body.
6. The Assessor is required to calculate the statutory maximum levy amount for the district based on a rate of \$0.75 per thousand dollars assessed value.
The Assessor is required to determine the highest lawful levy since 1985 for collection in 1986 to calculate the levy limitation for a taxing district.
7. The Assessor is required to use the actual amount certified by the taxing district when determining the lesser of the regular levy limitations to be used for the levy rate calculation for a taxing district.
8. The Assessor is required to calculate the levy rate for a taxing district's voter approved excess levy, using the tax base for excess and voted bond levies.
9. The Assessor is required to levy a uniform rate for a taxing district. In a joint taxing district, the county with the greater amount of assessed value calculates the levy rate and certifies that rate to the joint county, both counties must levy the same rate for the taxing district.
10. The Assessor is required to levy property tax only when the taxing district adopts a levy certification or budget for ad valorem tax in a specific dollar amount with the exception of a voter approved levy lid lift as authorized in RCW 84.55.069.

Recommendations

1. The Department recommends the Assessor stop all changes to taxable value within the county during the levy calculation process.

Requirements

For the items listed as “Requirements,” the Assessor and county legislative authority must make changes in procedure to comply with law.

This section contains the requirements we identified.

Tax Roll Certification

Requirement

The Assessor is required to certify the completed tax roll to the Whitman County Treasurer (Treasurer) on or before January 15.

What the law says

Upon completion of the extension of the tax roll, it is the duty of the Assessor to include a certification of the tax roll that includes a date and a certification as well as the levy rates and tax amounts.

The county assessor must deliver the tax rolls to the county treasurer, on or before the fifteenth day of January, taking a receipt from the treasurer. The assessor must also supply the county auditor with an abstract of the tax roll showing the total amount of collection for each taxing district. (RCW 84.52.080)

What we found

The Assessor did not certify the extension of the tax roll to the Treasurer. The Assessor stated he certified the tax roll to the county legislative authority. He also stated he was unaware of the requirement to certify the extension of the tax roll to the Treasurer. This requirement was also included in our December 2013 levy audit for Whitman County.

Action needed to meet requirement

The Assessor is required take the following actions:

- Certify the completed tax roll to the Treasurer on or before January 15, taking a receipt from the Treasurer. The certification should include the levy rate, total tax, and the certification language specified in the statute:

*I,, assessor of county, state of
Washington, do hereby certify that the foregoing is
a correct list of taxes levied on the real and
personal property in the county of for the
year two thousand*

*Witness my hand this day of, 20. . .
. . . ., County Assessor*

- Provide the Whitman County Auditor with an abstract of the tax rolls showing the total amount of taxes collectible in each taxing district.

Tax Roll Certification, continued

Why it's important

State law directs the county assessor to formally certify the tax roll to the county treasurer. The use of this format enhances the transparency of levying property tax.

Budget and Levy Certifications

Requirement

The Assessor is required to calculate the levy limitations based on the budget requests or estimates made by the taxing districts and certified to the Assessor by the county legislative authority.

Most taxing districts that intend to levy a property tax are required to certify an amount to levy to the county legislative authority.

The county legislative authority is required to certify to the Assessor the amount to be levied for each of the taxing districts coextensive with their county.

What the law says

RCW 84.52.020 requires most taxing districts to certify a budget or a budget estimate to the county legislative authority on or before November 30 for levying property taxes.

RCW 84.52.070 requires that the county legislative authority certify the amount to be levied for each of the taxing districts, including the county, to the county assessor on or before November 30 of each year.

What we found

The Assessor received a copy of each district's budget request from the individual taxing districts.

The Assessor provided the Department with a document signed by the Assessor and the county legislative authority certifying the 2016 tax year levy rate, taxable assessed value, and tax amount to be collected for the County General Fund dated February 29, 2016. The Assessor stated, at the time of this certification he also provides a "levy book" that contains the levy rates and tax amounts to be collected for all of the taxing districts within the county. The county legislative authority signs the levy book in addition to the document certifying the County General Fund.

Budget and Levy Certifications, continued

Action needed to meet requirement

The Assessor is required to take the following actions:

- Continue to educate the taxing districts within Whitman County on their responsibility to certify their levy amount requests to the county legislative authority by November 30.
- Continue to educate the county legislative authority of their responsibility to certify the levy amounts requested by the taxing districts to the Assessor by November 30.
- If the taxing districts continue to provide the budget or budget estimate to the Assessor, the Assessor could provide the county legislative authority with a copy of those documents. The county legislative authority would then have the documentation needed to certify the levy request for each taxing district to the Assessor as required by statute. The Assessor may wish to contact the individual taxing districts and the county legislative authority to educate them on the statutory requirements.

Why it's important

To enhance the transparency in the governmental process of levying property tax.

Resolutions

Requirement

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 actual levy amount.

What the law says

No increase in property tax revenue may be authorized without a public hearing and adoption of a separate ordinance or resolution that specifically states the increase in revenue, in both dollars and percentage of change. Exceptions to this requirement are increases of revenue due to the following additions: new construction, construction of wind, solar, biomass and geothermal facilities, improvements, state assessed property, and refunds. (RCW 84.55.120 and WAC 458-19-085)

What we found

The taxing districts listed below did not provide a separate resolution or ordinance stating their dollar increase and percentage of change to the previous year's actual levy. These taxing districts included their certified budget amount, the dollar and percentage difference from the previous year's actual levy, and a substantial need limit factor in one document.

- County General
- Road
- Port of Whitman County

Action needed to meet requirement

The Assessor is required to take the following actions:

- Notify the taxing districts of the requirement that their intent to increase their levy over the previous year's levy must be stated in an ordinance or resolution in addition to the levy certification and substantial need resolution.

Why it's important

To ensure taxing districts are disclosing increases in their budget amount as required by statute.

Statutory Maximum Rate for Cities Annexed to a Fire and/or Library District

Requirement

The Assessor is required to start with a base levy rate of \$3.60 per thousand dollars assessed value as the statutory maximum levy rate for cities and towns annexed to a fire and/or library district, less any regular levy made by the fire or library district in the incorporated area, plus an additional \$0.225 per thousand dollars assessed value if the city or town has a firefighter’s pension fund.

What the law says

When a city or town is annexed to a fire and or library district, the city or town’s statutory maximum levy rate is \$3.60 per thousand dollars assessed value, less the actual levy rate of the fire and or library district for that particular year, plus an additional \$0.225 per thousand dollars assessed value if the city or town has a firefighter’s pension fund. (RCW 52.04.081, 41.16.06 and 27.12.390)

What we found

The Assessor did not calculate the correct statutory maximum levy rates for the following districts:

Taxing District	Statutory Maximum Rate Applied In The Levy Rate Calculation	Statutory Maximum Rate
Town of Albion	\$3.100000	\$3.109158
Town of Colton	\$2.950935	\$2.959726
Town of Oakesdale	\$3.100000	\$3.109158

It appears the Assessor may have decreased the \$3.60 statutory maximum rate, for the Towns of Albion and Oakesdale, by the \$.50 statutory maximum rate allowed for a library district instead of using the actual rate calculated for the library district. It is unclear to the Department what documentation the Assessor used to determine the statutory maximum rate for the Town of Colton.

These errors did not result in an over or underlevy error.

Statutory Maximum Rate for Cities Annexed to a Fire and/or Library District, continued

Action needed to meet requirement

The Assessor is required take the following actions:

- Calculate the statutory maximum rate each year for the cities and towns annexed to the library district and/or fire district, beginning with the \$3.60 statutory maximum rate allowed, then deduct the actual rate of the annexed library district and/or fire district. An additional \$.225 will be added to the statutory maximum rate if the city has a firefighter's pension fund.

Why it's important

The statutory maximum levy rate for cities annexed to a fire or library district must be calculated each year to ensure the city is not levying more or less than the law allows.

Town of Rosalia

Requirement

The Assessor is required to apply the appropriate limit factor, based on the district's population and resolutions authorizing an increase in property tax, to the district's highest lawful levy, and increase the district's prior year's levy only when authorized by the district's governing body.

What the law says

No increase in property tax revenue may be authorized without a public hearing and an ordinance or resolution that specifically states the increase in revenue, in both dollars and percentage of change. Exceptions to this requirement are increases of revenue due to the following additions: new construction, construction of wind, solar, biomass and geothermal facilities, improvements, and state assessed property. (RCW 84.55.120)

A majority of the legislative authority of a taxing district must approve the ordinance or resolution authorizing an increase in the taxing district's levy. (WAC 459-19-020)

What we found

The Assessor included a levy limit increase of one percent for the Town of Rosalia (Rosalia) based upon Resolution No. 16-04 that was not signed by any of Rosalia's legislative authority. The resolution provided to the Department has a handwritten note, by the Assessor, that states the dollar and percentage of increase was authorized during a telephone meeting. The Assessor also stated he had a representative from Rosalia initial the forms and he advised them they must sign the resolution form in future years.

Without signatures by the governing body of Rosalia, on the resolution, it's unclear if there was a budget increase approved during the public meeting. The unsigned resolution resulted in an overlevy of \$676.67.

Action needed to meet requirement

The Assessor is required take the following actions:

- The Assessor must correct the overlevy of \$676.67 for the Town of Rosalia. The 2016 tax year levy limitations must be recalculated to determine the rate that should have been levied. The correct rate must be used for the 2017 levy limit calculations.
- The taxing district must be notified of the levy error. If the correction in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request the correction be made on a proportional basis over a period of no more than three years.

Town of Rosalia, continued

Why it's important

To ensure the taxing district is levying the amount approved in their public meeting.

No increase in property tax revenue, other than additions due to new construction, construction of wind, solar, biomass and geothermal facilities, improvements, state assessed property, and refunds may be authorized without an ordinance or resolution approved by a majority of the legislative authority of the taxing district

Pullman Metropolitan Park

Requirement

The Assessor is required to calculate the statutory maximum levy amount for the district based on a rate of \$0.75 per thousand dollars assessed value.

The Assessor is required to determine the highest lawful levy since 1985 for collection in 1986 to calculate the levy limitation for a taxing district.

What the law says

A metropolitan park district may levy a total regular property tax up to \$.75 per thousand dollars of assessed value. (RCW 35.61.210)

The highest lawful levy since 1985 can be increased by the district's levy limit factor and additional funds for increases due to new construction, increases in assessed value due to construction of wind turbines, biomass, and geothermal facilities, increases in state assessed utility values, improvements to property. (RCW 84.55.010 and 84.55.092)

In any year when a taxing district levies taxes in an amount less than the maximum allowed by the levy limit, whether voluntary or as a result of the \$5.90 aggregate limit or 1 percent constitutional limit reducing or eliminating the taxing district's levy rate, the levy limit for succeeding years after 1985 will be calculated as though the maximum lawful levy amount allowed by the levy limit or the taxing district's statutory dollar rate limit had been levied. (WAC 458-19-065)

What we found

The Assessor calculated the statutory maximum rate limit using a levy rate of \$.50 per thousand dollars assessed value instead of the correct rate of \$.75 per thousand dollars assessed value as statute requires.

The Assessor did not use the Pullman Metropolitan Park (Park) district's highest lawful levy when calculating the levy limit. The highest lawful levy amount since 1985 for the Park is \$757,365.78, from the 2014 tax year. The Assessor calculated the levy limit with a highest lawful levy amount of \$495,763.59, this is the levy amount the Park levied after pro-rationing in the 2015 tax year. The Assessor must determine the highest lawful levy for the Park as if pro-rationing had not occurred.

Neither the levy limit or statutory maximum were the lesser of the limitations for the levy rate calculation for the Park. Since the limiting factor was the district's levy certification, no levy error occurred.

Pullman Metropolitan Park, continued

Action needed to meet requirement

The Assessor is required to take the following action:

- Recalculate the 2016 tax year levy limit using the correct highest lawful levy amount and recalculate the statutory dollar maximum rate using \$.75 as the statutory maximum rate to determine the correct highest lawful levy amount for the district's 2017 tax year levy calculations.

Why it's important

To allow the taxing district to maintain their highest lawful levy allowed by law.

Fire District No. 4 Emergency Medical Services

Requirement

The Assessor is required to use the actual amount certified by the taxing district when determining the lesser of the regular levy limitations to be used for the levy rate calculation for a taxing district.

What the law says

All property taxes must be levied or voted in specific dollar amounts and the rate calculated and extended to the tax roll by the county assessors, with the exception of voter approved levy lid lifts authorized in RCW 84.55.069. (RCW 84.52.010)

What we found

Fire District No. 4 certified a levy amount of \$13,259.25 for their Emergency Medical Services (EMS) levy. Instead of using this amount as one of the levy limitations the Assessor included a levy certification amount of \$13,373.82 in his calculations.

The levy limitations were calculated using an incorrect certified budget amount, this resulted in an overlevy of \$114.57.

Action needed to meet requirement

The Assessor is required to take the following actions:

- The Assessor must correct the overlevy of \$114.57 for the Fire District No. 4 EMS. The levy rate for the 2016 tax year must be recalculated using the correct levy certification amount. The resulting rate will be used for the 2017 levy limitation.
- The taxing district must be notified of the levy error. If the correction in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request the correction be made on a proportional basis over a period of no more than three years.

Why it's important

To ensure the taxing districts do not levy more or less than their maximum levy amount allowable by law and the taxpayers pay the correct amount of property tax.

Fire District No. 6 M&O Excess Levy

Requirement

The Assessor is required to calculate the levy rate for a taxing district's voter approved excess levy, using the tax base for excess and voted bond levies.

What the law says

Fire districts may collect levies in excess of their regular levy with voter authorization, exemptions to excess levies are listed in RCW 84.36.381. Rates for excess levies must be calculated using a tax base that does not include assessed values for those taxpayers that are exempt from excess levies.

What we found

The voters approved an M&O excess levy for collection in 2013, 2014, 2015 and 2016 tax years.

The Assessor calculated the Fire District No. 6 excess levy rate as if it were a regular levy. The excess levy rate was determined using the regular taxable value for the district, instead of the excess taxable value. The levy rate must be calculated using the excess levy taxable value that does not include value for those taxpayers who are exempt from excess levies. This value is determined by removing the senior/disability exemption value from the regular taxable value and adding the timber assessed value for the district.

The rate calculated by the Assessor, using the regular taxable value, was applied to the excess levy tax base when it was entered into the county's levy software program. This resulted in an underlevy for Fire District No. 6's excess levy of \$782.92.

Action needed to meet requirement

The Assessor must take the following action:

- When an underlevy error occurs, the Assessor is required to notify the taxing district of the levy error to determine if the district wishes to collect the underlevy amount. In this case, the 2016 tax year is the last year of the excess levy, giving the fire district no ability to collect the underlevy amount in the following year. If the voters approve another excess levy for 2017, 2018 or 2019 tax years the district could make a correction in one of those years.

Why it's important

To ensure the taxing districts do not levy more or less than their maximum levy amount allowable by law and the taxpayers pay the correct amount of property tax.

Clarkston School District No. 185

Requirement

The Assessor is required to levy a uniform rate for a taxing district. In a joint taxing district, the county with the greater amount of assessed value calculates the levy rate and certifies that rate to the joint county, both counties must levy the same rate for the taxing district.

What the law says

The Washington State Constitution states in Article VII, Section 2, *all taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax.* A taxing district must levy a uniform rate within the district.

In a taxing district that crosses county boundaries, the Assessor with the greater assessed value will calculate the levy rate and certify that rate to the joint county. (WAC 458-19-010)

What we found

The Clarkston School District No. 185 lies within both Whitman and Asotin County. Because Asotin County has a greater assessed value than Whitman County for the school district, they will calculate and certify the levy rate. The Asotin County Assessor certified and levied a rate of \$3.70220799, Whitman County levied a rate of \$3.702208. Our laws require the levy rate to be uniform throughout a taxing district, including joint taxing districts. If the counties involved do not use the same number of digits past the decimal point for their levy rates, both counties should use a rate with the lesser amount of digits to achieve uniformity.

Action needed to meet requirement

The Assessor is required to:

- Levy the rate certified to you for joint taxing districts.
- Make joint counties aware of any limitations in the number of digits that Whitman County can utilize in their levy process to ensure the same levy rate is being implemented in taxing districts that cross county boundaries.

Why it's important

The Constitution requires fair and equitable taxation for all taxpayers within a taxing district.

Fire District No. 12 Emergency Medical Services

Requirement

The Assessor is required to levy property tax only when the taxing district adopts a levy certification or budget for ad valorem tax in a specific dollar amount with the exception of a voter approved levy lid lift as authorized in RCW 84.55.069.

What the law says

All property taxes must be levied or voted in specific dollar amounts with the exception of voter approved levy lid lifts authorized in RCW 84.55.069. (RCW 84.52.010)

What we found

Fire District No. 12 (Fire District) passed a ballot for a regular Emergency Services Levy (EMS) levy for \$.50 per thousand dollars of assessed valuation to begin collection in the 2016 tax year. The Fire District also held a public meeting and completed a resolution stating the dollar amount the Fire District collected in the 2015 tax year and the dollar difference collected from the 2015 and 2016 tax years. The resolution contains dollar amounts comparing the 2016 levy amount to the prior year's collection amount, but any EMS levy the Fire District had in the prior year would have expired and those limits are no longer applicable to a future levy. A resolution is not required for a first year of a voter approved levy because there is no prior levy to increase.

The Assessor levied on behalf of the Fire District without a levy certification from the Fire District. The Assessor stated the Fire District did not believe they needed a levy certification.

When the ballot approved by the voters and the resolution completed by the Fire District are reviewed together the intention of the voters and the Fire District to levy for EMS is clear. The Department agrees with the Assessor's interpretation of the documents and amount levied for the district.

Action needed to meet requirement

The Assessor is required to:

- Only levy for a taxing district that has adopted a budget or levy certification.
- Continue to educate the taxing district on the levy certification and resolution requirements.

Why it's important

To ensure a taxing district is not levying more or less than statute allows and to provide transparency of property taxation to the taxpayers within a taxing district.

Recommendations

For the items listed as “Recommendations,” the Department believes the Assessor, taxing district, and/or county legislative authority could improve by making voluntary changes in procedure.

This section contains the recommendations we identified.

Stop Changes to Assessed Value During the Levy Process

Recommendation

The Department recommends the Assessor stop all changes to taxable value within the county during the levy calculation process.

What we found

The Assessor allowed changes to taxable value during the time the levy rates were being calculated. Due to the changes, the Assessor's Tax Certification by Subfund Report does not reflect the actual amount of taxes to be collected for each taxing district for the 2016 tax year.

Action recommended

The Department recommends:

- The Assessor stop all changes to the taxable value before beginning the levy calculation process.
- After the Assessor has completed the levy calculations, he should generate and save all reports and corresponding supporting data documenting the levy process.
- The Assessor should balance the levy process with the tax roll before making any changes to the taxable value. If the levy process does not balance with the tax roll, the Assessor should include an explanation why.

Why it's important

To ensure the correct amount of taxes are collected based upon the levy limitations.

Next Steps

Follow-up

The Department is committed to the success of the Assessor by ensuring the levies comply with state statutes and regulations.

The Department will follow up in 2017 to review the corrections made. This will give the Assessor an opportunity to make and document the corrections and to provide information to the Department about any issues they encountered during the implementation process.

Questions

For questions about specific requirements or recommendations in our report, please contact the contributing staff member listed below:

Levy and Appeals Auditor	Diana Burch	dianabu@dor.wa.gov	(360) 534-1429
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For additional information contact:

Washington State Department of Revenue
Property Tax Division
PO Box 47471
Olympia, WA 98504-7471
(360) 534-1400
<http://dor.wa.gov>

Appendix – General Information

Introduction

General information provided to assist all assessors and taxing districts.

Contents

This section contains the following topics:

- Regular Levy Limitation
- Refunds
- Excess Levy
- Timberland Assessed Value (TAV)
- Assessor Guidelines

Regular Levy Limitations

What are the statutory limitations?

Regular property tax levies are generally considered to be those levies that are subject to several statutory limitations.

The assessor must adhere to the following statutory limitations:

- Levy limit (a.k.a., 101 percent)
- Statutory dollar rate limit
- Amount authorized by resolution/ordinance
- District budget
- \$5.90 aggregate limit
- 1 percent constitutional limit

Levy Limit

The amount of regular property taxes a taxing district can levy, other than the state, is limited to an amount that will not exceed the amount resulting from the following calculation:

- The highest amount that could have been lawfully levied by the taxing district in any year since 1985 for 1986 collection, multiplied by the limit factor; plus
- A dollar compensation calculated by multiplying the increase in assessed value of the district from the previous year attributable to:
 1. new construction,
 2. increases in assessed value due to wind turbine, solar, biomass, and geothermal facilities if the facilities generate electricity,
 3. improvements to property, and
 4. any increase in assessed value of state assessed property,
 by the actual regular property tax levy rate of that district for the preceding year, or the last year the taxing district levied taxes.

The limit factors used in calculating the levy limit are defined in RCW 84.55.005 and WAC 458-19-005.

If the district's population is...	Then the limit factor is...
less than 10,000	101 percent.
greater than 10,000 and a finding of substantial need	the lesser of the substantial need factor or 101 percent.
for all other taxing districts	the lesser of 101 percent or 100 percent plus inflation.

Reference:

- RCW 84.55.010
- RCW 84.55.0101
- WAC 458-19-020

Regular Levy Limitations, continued

Statutory Rate Limit

The statutory rate limit varies by district. These limits are found in the various statutes for each type of district and in the *Property Tax Levies Operation Manual*. The levy amount for each district cannot exceed the statutory maximum rate. The statutory dollar rate limits for senior taxing districts can be found in RCW 84.52.043(1) and in the levy manual, chapter 3.

Reference:

- RCW 84.52.043
- Property Tax Levies Operation Manual, http://dor.wa.gov/Docs/Pubs/Prop_Tax/LevyManual.doc, chapter 3

Truncating Levy Rates

The final certified levy rate cannot result in a levy amount that exceeds the statutory limitations. To ensure that the final levy rate results in a levy amount at or below the statutory levy limit for each taxing district the assessor must truncate the rate at the last digit (not round).

Resolutions/Ordinances

The amount authorized by a district in its resolution or ordinance is another limitation on taxation. If a district does not adopt a resolution, the district cannot levy more than it received in the previous year, other than the amount resulting from the following:

1. New Construction,
2. Improvements to property,
3. Wind turbines,
4. Solar, biomass, and geothermal facilities (if the facilities generate electricity), and
5. Increases in state-assessed property

The resolution or ordinance must state the increase over the previous year's levy in terms of percentage and dollars. The resolution is separate from the budget certification.

Reference:

- RCW 84.55.120
- <http://dor.wa.gov/docs/forms/PropTx/Forms/OrdinanceResolution.doc>

Regular Levy Limitations, continued

Levy Certification (Budget)

Taxing districts that wish to levy must certify a budget or budget estimate to the county legislative authority by November 30 of the assessment year. (*Note:* this does not apply if the assessor has not certified assessed values to the taxing district at least twelve working days prior to November 30).

The county legislative authority must certify the amount to levy for each of the taxing districts, including the county, to the assessor on or before November 30 of each year. However, the county legislative authority may elect to conduct its budget hearing on the first Monday in December, as permitted by RCW 36.40.071.

Reference:

- RCW 84.52.020
- RCW 84.52.070
- <http://dor.wa.gov/docs/forms/PropTx/Forms/LevyCertf.doc>

\$5.90 Limit

The \$5.90 limit applies to the total of most regular levies in each tax code area. The aggregate of the junior and senior taxing districts (excluding the state levy and a few others) cannot exceed \$5.90 per \$1,000 of assessed value.

RCW 84.52.010 provides the order in which taxing districts rates are prorated, in order to bring the aggregate rate down to \$5.90. The \$5.90 limitation does not apply to levies made by or for:

- The support of common schools (state levy)
- Port Districts
- Public Utility Districts
- Conservation Futures
- Criminal Justice
- Emergency Medical Services
- Affordable Housing
- Metropolitan Parks (if voters protect a portion of the levy from this limit)
- County Ferry Districts
- County Transit purposes

Reference:

- RCW 84.52.043

Regular Levy Limitations, continued

1 Percent Constitutional Limit

The 1 percent constitutional limit is based on true and fair value, unlike the \$5.90 limit, which is based on assessed value.

In 1972, the voters adopted a constitutional limit of 1 percent. This limits the amount of property taxes that may be imposed on an individual parcel (real or personal) of property without voter approval of 1 percent of its true and fair value.

The 1 percent limit applies to all regular levies (except port and PUD levies). It does not apply to excess levies approved by the voters.

Reference:

- RCW 84.52.050
- RCW 84.52.010
- Article 7, Section 2 of Washington Constitution

Refunds

Types of Refunds

There are two types of refunds:

- Adjudicated (court ordered)
- Administrative

Use this table to decide how to levy for a refund

If the refund is an...	Then...	And...
Adjudicated refund	the district is required to levy the refund	the refund is added to the district's levy.
Administrative refund	the refund levy is optional	the refund may be added to the levy only if the district requests the refund in its levy certification or budget.

Note: the statutory limit cannot be exceeded when adding a refund to the levy.

Reference:

- RCW 84.68.040 (adjudicated refund)
- RCW 84.69.180 and RCW 84.69.020 (administrative refund)
- WAC 458-19-085 (adjudicated and administrative refunds)

Excess Levy

What is an Excess Levy

Excess levies are over and above the regular property tax levies.

- Excess levies require voter approval.
- Duration of excess levies is subject to limitations.
- Excess levies are not subject to the statutory limitations placed on regular levies.

Type of Levy	Taxing District	Duration
Bond	Most districts	Long term debt, usually 15-20 years
Maintenance & Operational (M&O)	School and fire districts	2-4 years
General	Most districts except school and fire districts	1 year
Technology	School	2-6 years
Transport Vehicle	School	2 years
Construction/Modernization/Remodeling	School and fire districts	2-6 years

Reference:

- RCW 84.52.052
- RCW 84.52.053
- RCW 84.52.056
- RCW 84.52.130
- <http://dor.wa.gov/content/GetAFormOrPublication/PublicationBySubject/PropertyTax/BallotMeasures/>

Timber Assessed Value (TAV)

What is Timber Assessed Value?

Timber assessed value determines each taxing district's share of the timber excise tax revenue and in setting property tax levy rates. It serves as a substitute for the value that would be carried on the assessment roll if timber were taxable as real property for all bond and excess levy calculations.

Components of TAV

Based on taxes levied, acreage and assessed value of property in the Designated Forest Land Program (DFL) from the prior tax year, and the estimated public acreage available for timber harvesting (RCW 84.33.089), the assessor calculates the following values:

- Composite tax rate
- Forest land assessed value (FLAV)
- Average assessed value per acre on privately owned DFL

After making these calculations, the assessor has all the information necessary to complete the Timber Tax Distribution Priority 1, 2, and 3 worksheets. The priority worksheets list the individual taxing district's TAV that is to be added to the district's taxable value for levy calculations.

Tax Base

The assessor should ensure that the appropriate amount of TAV is included in the tax base for calculating excess levies.

If the levy type is...	Then use this percentage of TAV in the tax base...
Bond	100 percent
Capital Project	100 percent
Transportation Vehicle	100 percent
School M&O	50 percent of TAV or 80 percent of the 1983 timber roll, whichever is greater
All other excel levies	100 percent

Reference:

- RCW 84.52.080(2)

Assessor Guidelines

Introduction

The assessor generally calculates the property tax levy rate necessary to collect the amount of taxes levied for each district, within the limitations provided by law (WAC 458-19-010). Listed below are some of the guidelines for the assessor based on the taxing district's adopted documentation.

Determine the authorized levy amount

Use the table below to determine the authorized levy amount given certain situations.

When the taxing district submits...	Then...
a certified budget but no resolution	the district's levy is the lesser of the following: <ol style="list-style-type: none"> 1. Previous year's levy plus <i>any</i> increase resulting from new construction, improvements to property, wind turbines, solar, biomass, and geothermal facilities, if the facilities generate electricity, and the increased value of state-assessed property, 2. Current year's certified budget, 3. Levy limit (zero percent increase), 4. Statutory maximum amount.
a resolution, but no budget or levy certificate	the assessor does not have the statutory authority to levy on behalf of the taxing district.
a certified budget and resolution	the district's levy is the lesser of the following: <ol style="list-style-type: none"> 1. Previous year's levy <i>plus</i> the percentage increase authorized by the resolution <i>plus</i> any increase resulting from new construction, improvements to property, wind turbines, solar, biomass, and geothermal facilities, if the facilities generate electricity, and the increased value of state-assessed property, 2. Current year's certified budget, 3. Levy limit (up to 1 percent depending on the population of the district), 4. Statutory maximum amount.
neither a certified budget nor a resolution	the assessor does not have the statutory authority to levy on behalf of a taxing district.

Appendix A

The following worksheets contain regular levy calculations for the districts with errors in this audit.

Levy Limit Calculation for District: Town of Rosalia												
Assmt Taxes	Highest	Limit	Highest	State Assd	Tax Added	Annexed	Tax Added	Levy	Assd	Stat	<input type="checkbox"/>	Annexed to Library?
Year Due	Lawful Levy	Factor	Lawful plus	New Const	for	Value	for	Limit	Value	Rate	<input type="checkbox"/>	Annexed to Fire?
	Since 1985*		Increase		State Assd		Annex.			Max.	<input type="checkbox"/>	Firemen's Pension?
					New Const						<input type="checkbox"/>	Lid Lift?
2015 2016	70,244.67	0.00%	70,244.67	155,701	506.21	0	0.00	70,750.88	20,970,273	3.375000000000		
Actual Levy:							Summary of Levy Limits:					
Assmt Taxes	Previous	Lesser of	Previous Yr's	Tax Added	Tax Added	Authorized	Refund	Certified	Limit Per	Levy Limit	Authorized	
Year Due	Year's	Resolution's \$ or %	Levy plus	for	for	Levy by Res.		Budget	Stat. Rate	Plus Refund	Levy By Res.	
	Levy		Increase	State Assd	Annex.				Maximum		Plus Refund	
				New Const								
2015 2016	67,667.14	\$0.00	67,667.14	506.21	0.00	68,173.35	0.00	68,850.02	70,774.67	70,750.88	68,173.35	
Assmt Taxes	Current Year's	Levy Correction	Total Levy	Actual	Actual Levy	Correct	Over/Under					
Year Due	Max Levy		w/ Correction	Amount	Rate	Levy Rate	Levy					
				Levied								
2014 2015					3.251159							
2015 2016	68,173.35	\$0.00	68,173.35	68,850.02	3.28322	3.250951	676.67					
Excess Levy Calculation:												
Type & Yr	Budget	Refund	Total Levy	Real & Personal	TAV	Total Value	DOR	Total County AV x	County	County	Over/Under	
				Taxable Value			Levy Rate	DOR Rate	Levy Rate	Levy	Levy	
0 0	68,000.00	0.00	68,000.00	20,678,777.00	0.00	20,678,777.00	3.288395	67,999.99	3.288396	68,000.01	0.02	

Appendix B

Levy Limit Calculation for District: Fire District No. 4 EMS											
Assmt Taxes	Highest	Limit	Highest	State Assd	Tax Added	Annexed	Tax Added	Levy	Assd	Stat	<input type="checkbox"/> Annexed to Library?
Year Due	Lawful Levy	Factor	Lawful plus	New Const	for	Value	for	Limit	Value	Rate	<input type="checkbox"/> Annexed to Fire?
	Since 1985*		Increase		State Assd		Annex.			Max.	<input type="checkbox"/> Firemen's Pension?
					New Const						<input type="checkbox"/> Lid Lift?
2015 2016	12,729.79	1.00%	12,857.09	2,379,420	516.84	0	0.00	13,373.93	62,079,929	0.250000000000	
Actual Levy:							Summary of Levy Limits:				
Assmt Taxes	Previous	Lesser of	Previous Yr's	Tax Added	Tax Added	Authorized	Refund	Certified	Limit Per	Levy Limit	Authorized
Year Due	Year's	Resolution's \$ or %	Levy plus	for	for	Levy by Res.		Budget	Stat. Rate	Plus Refund	Levy By Res.
	Levy		Increase	State Assd	Annex.				Maximum		Plus Refund
				New Const							
2015 2016	12,729.69	1.000%	12,856.99	516.84	0.00	13,373.83	0.00	13,259.25	15,519.98	13,373.93	13,373.83
Assmt Taxes	Current Year's	Levy Correction	Total Levy	Actual	Actual Levy	Correct	Over/Under				
Year Due	Max Levy		w/ Correction	Amount	Rate	Levy Rate	Levy				
				Levied							
2014 2015					.217212						
2015 2016	13,259.25	\$0.00	13,259.25	13,373.82	.215429	.213583	114.57				
Excess Levy Calculation:											
Type & Yr	Budget	Refund	Total Levy	Real & Personal	TAV	Total Value	DOR	Total County AV x	County	County	Over/Under
				Taxable Value			Levy Rate	DOR Rate	Levy Rate	Levy	Levy
0 0	0.00	0.00	0.00	0.00	0.00	0.00	#DIV/0!	#DIV/0!	0.000000000000	0.00	#DIV/0!

Appendix C

Levy Limit Calculation for District: Fire District No. 6												
Assmt Taxes	Highest	Limit	Highest	State Assd	Tax Added	Annexed	Tax Added	Levy	Assd	Stat	<input type="checkbox"/> Annexed to Library?	
Year Due	Lawful Levy	Factor	Lawful plus	New Const	for	Value	for	Limit	Value	Rate	<input type="checkbox"/> Annexed to Fire?	
	Since 1985*		Increase		State Assd		Annex.			Max.	<input type="checkbox"/> Firemen's Pension?	
					New Const						<input type="checkbox"/> Lid Lift?	
2015 2016	56,073.67	1.00%	56,634.41	1,096,171	602.00	0	0.00	57,236.41	80,687,351	1.000000000000		
Actual Levy:							Summary of Levy Limits:					
Assmt Taxes	Previous	Lesser of	Previous Yr's	Tax Added	Tax Added	Authorized	Refund	Certified	Limit Per	Levy Limit	Authorized	
Year Due	Year's	Resolution's \$ or %	Levy plus	for	for	Levy by Res.		Budget	Stat. Rate	Plus Refund	Levy By Res.	
	Levy		Increase	State Assd	Annex.				Maximum		Plus Refund	
				New Const								
2015 2016	42,377.61	\$423.77	42,801.38	602.00	0.00	43,403.38	0.00	43,403.34	80,687.35	57,236.41	43,403.38	
Assmt Taxes	Current Year's	Levy Correction	Total Levy	Actual	Actual Levy	Correct	Over/Under					
Year Due	Max Levy		w/ Correction	Amount	Rate	Levy Rate	Levy					
				Levied								
2014 2015					.549188							
2015 2016	43,403.34	\$0.00	43,403.34	43,403.34	.53792	.53792	0.00					
Excess Levy Calculation:												
Type & Yr	Budget	Refund	Total Levy	Real & Personal	TAV	Total Value	DOR	Total County AV x	County	County	Over/Under	
				Taxable Value			Levy Rate	DOR Rate	Levy Rate	Levy	Levy	
0 0	80,000.00	0.00	80,000.00	79,897,589.00	0.00	79,897,589.00	1.001281	79,999.94	0.991482	79,217.02	-782.92	