

Washington Public Ports Association

Commissioners Meeting

**July 23, 2024
Richland, Washington**

Update on Port District Levy Limitations

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Washington Public Ports Association – Update on Port District Levy Limitations

**Commissioners Seminar
July 13, 2024
Richland, Washington**

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WASHINGTON PORT DISTRICT LEVY LIMITATIONS

I. What taxes may be levied by port districts

A. A port district may levy an annual tax for general port purposes without a vote of electors. RCW 53.36.020 (the "020 levy").

1. The 020 levy may not exceed \$.45 per thousand of assessed valuation, annually, to the extent that the proceeds are used for general port purposes (the "020 general levy").

2. The 020 levy may exceed \$.45 per thousand of assessed valuation if it is used to pay debt service on general obligation bonds (the "020 bond levy").

B. A port district may levy an annual tax for dredging, canal construction or land leveling or filling purposes with an approving vote of electors. RCW 53.36.070 (the "dredging levy").

1. The dredging levy may not exceed \$.45 per thousand of assessed valuation.

2. The proceeds of a dredging levy may be used only for dredging, canal construction or land leveling or filling.

C. A port district may levy an annual tax for up to twelve years for industrial development purposes (the "IDD levy"). RCW 53.36.100.

1. The levy may not exceed \$.45 per thousand of assessed valuation in any of the twelve years, but may be less than \$.45 per thousand.

2. The twelve years need not be consecutive.

3. The IDD levy must be used exclusively for IDD purposes or to the payment of debt service on general obligation bonds.

4. Although the IDD levy generally does not require the approval of the electors, there is a procedure in year number seven for a referendum.

a. Notice of the intent to levy the tax must be published before June 1.

b. If the voters in the port district within 90 days of the date of the publication gather signatures from at least eight percent of the number of voters who voted for the office of the governor in the most recent gubernatorial election, then there will be an election

on the tax at the time of the upcoming primary election.

D. A port district may levy an annual tax for the payment of voter approved general obligation bonds (the "voted bond levy"). RCW 53.36.030(2) and 84.52.050; Art VII, section 2 of the Constitution.

II. The 101% levy limitation

A. The general rule. The levy of a taxing district shall be set so that the regular property taxes payable in the following year shall not exceed 101% of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction, improvements to property, and any increase in the assessed value of state-assessed property by the regular property tax levy rate of that district for the preceding year.

1. The term "regular property taxes" is defined in RCW 84.55.005 and 84.04.140. Port district tax levies are deemed to be "regular property taxes." All port district levies are regular levies regardless of whether they are voted levies. WAC 458-19-050.

2. The IDD levy is deemed to be a separate regular property tax levy made by or for a separate taxing district. RCW 84.55.045.

3. The first IDD levy is not subject to the 101% levy limitation.

4. The County assessor is charged with the responsibility of computing the local 101% levy limitation.

5. The voters of a taxing district may approve a tax levy in excess of the 101% levy limitation.

B. Protection of levy capacity.

1. If a port district had not levied any taxes in the past three years, a tax levy may be restored. The restored levy may not exceed the amount which could have been levied in 1973 plus an additional dollar amount equal to the restored property tax rate times the increase in assessed value resulting from new construction and improvements. RCW 53.55.015.

2. The regular property may be set at the amount which would be allowed if the regular property tax levy for the district for taxes due in prior years beginning with 1986 had been set at the full amount allowed under chapter 84.55 RCW. RCW 84.55.092.

C. Application of 101% levy limitation to port district levies.

1. The 020 levy and the dredging levy are subject to the 101% levy limitation. For purposes of calculating the limit, the dollar amount of those levies are combined

and the 101% levy limit is calculated as described in (D) below.

2. The IDD levy receives a separate 101% levy limit calculation. The first year is not subject to the 101% levy limitation. WAC 458-19-050(6)(b).

D. Methodology of calculation. WAC 458-19-020.

1. Multiply the highest amount that could have been lawfully levied by the taxing district (other than the state) since 1985 for 1986 collection, by 101%.

Add

2. A dollar component calculated by multiplying the increase in assessed value of the district from the previous year attributable to new construction, improvements to property, and any increase in the assessed value of state assessed property, by the actual regular property tax levy rate of that district for the preceding year.

3. The 101% levy limit for the state shall be calculated in the same manner as for other taxing districts except that 101% is multiplied by the highest amount that was lawfully levied by the state in the three most recent years in which such taxes were levied.

**Chapter 53.36 RCW
FINANCES**

Sections

- 53.36.010 District treasurer.
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- 53.36.020 Tax levy—Limitation.
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- 53.36.050 County treasurer—General and special funds—Depositories—
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*Accounting system and state examination: RCW 43.09.200 through
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*Disposition of rentals from aquatic lands managed by a port district:
RCW 79.105.420.*

Tax district relief: Chapter 39.64 RCW.

Vouchers on public funds: Chapter 42.24 RCW.

RCW 53.36.010 District treasurer. The treasurer of the county in which a port district is located shall be treasurer of the district unless the commission of a port district which has for the last three consecutive years received annual gross operating revenues of one hundred thousand dollars or more, excluding tax revenues and grants for capital purposes, designates by resolution some other person having experience in financial or fiscal matters as treasurer of the port district to act with the same powers and under the same restrictions as provided by law for a county treasurer acting on behalf of a port district: PROVIDED, That any port district which was authorized by the county treasurer to appoint its own treasurer prior to July 24, 1983, may continue to appoint its own treasurer. The

commission may, and if the treasurer is not the county treasurer it shall, require a bond, with a surety company authorized to do business in the state of Washington, in an amount and under the terms and conditions which the commission by resolution from time to time finds will protect the district against loss. The premium on such bonds shall be paid by the district. All district funds shall be paid to the treasurer and shall be disbursed by him or her upon warrants signed by a port auditor appointed by the port commission, upon vouchers approved by the commission. [2010 c 8 § 16011; 1983 c 250 § 1; 1974 ex.s. c 13 § 1; 1955 c 348 § 5. Prior: 1921 c 179 § 1, part; 1911 c 92 § 5, part; RRS § 9693, part.]

Severability—1955 c 348: See note following RCW 53.08.120.

RCW 53.36.015 Payment of claims—Use of warrants and checks. A port district that acts as its own treasurer as provided in RCW 53.36.010 may by resolution adopt a policy for the payment of claims or other obligations of the port district, which are payable out of solvent funds, electing either to pay obligations by warrant or by check. However, no check shall be issued when the applicable fund is not solvent at the time payment is ordered, but a warrant shall be issued instead. When checks are to be used, the port commission shall designate the qualified public depository where checks are to be drawn, and the officers authorized or required to sign checks. Wherever in this title reference is made to warrants, the term includes checks where authorized by this section. [2002 c 95 § 1.]

RCW 53.36.020 Tax levy—Limitation. A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district for general port purposes, including the establishment of a capital improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy shall be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class. [1973 1st ex.s. c 195 § 56; 1955 c 65 § 11. Prior: 1951 c 133 § 1; 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Budgets: Chapter 53.35 RCW.

Levy of taxes: Chapter 84.52 RCW.

Limitation on levies: State Constitution Art. 7 § 2 (Amendments 55 and 59); RCW 84.52.050 through 84.52.056.

School district levy: Chapter 28A.545 RCW.

RCW 53.36.030 Indebtedness—Limitation. (1)(a) Except as provided in (b) of this subsection, a port district may at any time contract indebtedness or borrow money for district purposes and may issue general obligation bonds therefor not exceeding an amount, together with any existing indebtedness of the district not authorized by the voters, of one-fourth of one percent of the value of the taxable property in the district.

(b) Port districts having less than eight hundred million dollars in value of taxable property during 1991 may at any time contract indebtedness or borrow money for port district purposes and may issue general obligation bonds therefor not exceeding an amount, combined with existing indebtedness of the district not authorized by the voters, of three-eighths of one percent of the value of the taxable property in the district. Prior to contracting for any indebtedness authorized by this subsection (1)(b), the port district must have a comprehensive plan for harbor improvements or industrial development and a long-term financial plan approved by the department of commerce. The department of commerce is immune from any liability for its part in reviewing or approving port district's improvement or development plans, or financial plans. Any indebtedness authorized by this subsection (1)(b) may be used only to acquire or construct a facility, and, prior to contracting for such indebtedness, the port district must have a lease contract for a minimum of five years for the facility to be acquired or constructed by the debt.

(2) With the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, a port district may contract indebtedness or borrow money for district purposes and may issue general obligation bonds therefor provided the total indebtedness of the district at any such time shall not exceed three-fourths of one percent of the value of the taxable property in the district.

(3) In addition to the indebtedness authorized under subsections (1) and (2) of this section, port districts having less than two hundred million dollars in value of taxable property and operating a municipal airport may at any time contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor not exceeding an additional one-eighth of one percent of the value of the taxable property in the district without authorization by the voters; and, with the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, may contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor for an additional three-eighths of one percent provided the total indebtedness of the district for all port purposes at any such time shall not exceed one and one-fourth percent of the value of the taxable property in the district.

(4) Any port district may issue general district bonds evidencing any indebtedness, payable at any time not exceeding fifty years from the date of the bonds. Any contract for indebtedness or borrowed money authorized by RCW 53.36.030(1)(b) [subsection (1)(b) of this section] shall not exceed twenty-five years. The bonds shall be issued and sold in accordance with chapter 39.46 RCW.

(5) Elections required under this section shall be held as provided in RCW 39.36.050.

(6) For the purpose of this section, "indebtedness of the district" shall not include any debt of a countywide district with a

population less than twenty-five hundred people when the debt is secured by a mortgage on property leased to the federal government; and the term "value of the taxable property" shall have the meaning set forth in RCW 39.36.015.

(7) This section does not apply to a loan made under a loan agreement under chapter 39.69 RCW, and a computation of indebtedness under this chapter must exclude the amount of a loan under such a loan agreement. [2023 c 470 § 2094; 1996 c 66 § 1; 1995 c 102 § 1; 1991 c 314 § 29; 1990 c 254 § 1; 1984 c 186 § 41; 1970 ex.s. c 42 § 32; 1965 ex.s. c 54 § 1; 1959 c 52 § 1; 1955 c 65 § 12. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

Explanatory statement—2023 c 470: See note following RCW 10.99.030.

Findings—1991 c 314: See note following RCW 43.160.020.

Purpose—1984 c 186: See note following RCW 39.46.110.

Severability—Effective date—1970 ex.s. c 42: See notes following RCW 39.36.015.

General provisions applicable to district bonds: Chapter 39.44 RCW.

Limitation upon indebtedness: State Constitution Art. 8 § 6 (Amendment 27); chapter 39.36 RCW.

Port district indebtedness authorized, emergency public works: RCW 39.28.030.

Validation requirement: RCW 39.40.010.

RCW 53.36.040 Funds in anticipation of revenues—Warrants. (1) Any port commission is hereby authorized, prior to the receipt of taxes raised by levy, to borrow money or issue the warrants of the district in anticipation of the revenues to be derived by such district and such warrants shall be redeemed from the first money available from such taxes when collected. Such warrants may be in any form, including bearer warrants or registered warrants as provided in RCW 39.46.030.

(2) Notwithstanding subsection (1) of this section, such warrants may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 136; 1921 c 179 § 2; 1911 c 92 § 12; RRS § 9699.]

Liberal construction—Severability—1983 c 167: See RCW 39.46.010 and note following.

RCW 53.36.050 County treasurer—General and special funds—Depositories—Investment of excess funds. The county treasurer acting as port treasurer shall create a fund to be known as the "Port of Fund," into which shall be paid all money received by him or her from the collection of taxes in behalf of such port district, and shall also maintain such other special funds as may be

created by the port commission into which shall be placed such moneys as the port commission may by its resolution direct. All such port funds shall be deposited with the county depositories under the same restrictions, contracts, and security as is provided by statute for county depositories and all interest collected on such port funds shall belong to such port district and shall be deposited to its credit in the proper port funds: PROVIDED, That any portion of such port moneys determined by the port commission to be in excess of the current needs of the port district may be invested by the county treasurer in accordance with RCW 36.29.020, 36.29.022, and chapter 39.59 RCW, and all interest collected thereon shall likewise belong to such port district and shall be deposited to its credit in the proper port funds. [2010 c 8 § 16012; 1997 c 393 § 10; 1959 c 52 § 2; 1921 c 179 § 3; 1911 c 92 § 13; RRS § 9700.]

County depositories: Chapter 36.48 RCW.

RCW 53.36.060 Incidental expense fund. The port commission of any port district may, by resolution, create an incidental expense fund in such amount as the port commission may direct. Such incidental expense fund may be kept and maintained in a bank or banks designated in the resolution creating the fund, and such depository shall be required to give bonds or securities to the port district for the protection of such incidental expense fund, in the full amount of the fund authorized by the said resolution. Vouchers shall be drawn to reimburse said incidental expense fund and such vouchers shall be approved by the port commission. Transient labor, freight, express, cartage, postage, petty supplies, and minor expenses of the port district may be paid from said incidental expense fund and all such disbursements therefrom shall be by check of the port auditor or such other officer as the port commission shall by resolution direct. All expenditures from said incidental expense fund shall be covered by vouchers drawn by the port auditor and approved by the manager or such other officer of the port district as the port commission may by resolution direct. The officer disbursing said fund shall be required to give bond to the port district in the full authorized amount of the said incidental expense fund for the faithful performance of his or her duties in connection with the disbursement of moneys from such fund. [2010 c 8 § 16013; 1933 c 189 § 16; RRS § 9699-1.]

RCW 53.36.070 Levy for dredging, canal construction, or land leveling or filling purposes. Any port district organized under the laws of this state shall, in addition to the powers otherwise provided by law, have the power to raise revenue by the levy and collection of an annual tax on all taxable property within such port district of not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district, for dredging, canal construction, or land leveling or filling purposes, the proceeds of any such levy to be used exclusively for such dredging, canal construction, or land leveling and filling purposes: PROVIDED, That no such levy for dredging, canal construction, or land leveling or filling purposes under the provisions of RCW 53.36.070 and 53.36.080 shall be made unless and until the question of authorizing the making of such additional levy shall have been submitted to a vote of the electors of the district in

the manner provided by law for the submission of the question of making additional levies in school districts of the first class at an election held under the provisions of RCW 29A.04.330 and shall have been authorized by a majority of the electors voting thereon. [2015 c 53 § 83; 1983 c 3 § 162; 1973 1st ex.s. c 195 § 57; 1965 ex.s. c 22 § 1; 1925 c 29 § 1; RRS § 9692-1.]

Severability—Effective dates and termination dates—Construction
—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

RCW 53.36.080 Collection of levies for dredging, canal construction, or land leveling or filling purposes. Whenever such additional levy for dredging, canal construction, or land leveling or filling purposes shall have been authorized by the electors of the district at an election, held subsequent to the time of making the levy for the district for general purposes, in any year, such levy shall be certified by the port commission in the manner provided by law for certifying levies for general purposes of the district, and shall be forthwith spread and extended upon the tax rolls for the current year, and the taxes so levied and extended shall be collected in the manner provided by law for the collection of general taxes. [1965 ex.s. c 22 § 2; 1925 c 29 § 2; RRS § 9692-2.]

Collection of taxes, generally: Chapter 84.56 RCW.

RCW 53.36.100 Levy for industrial development district purposes
—**Notice—Petition—Election.** (*Effective until January 1, 2026.*) (1) A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may thereafter raise revenue, for six years only, and a second six years if the procedures are followed under subsection (2) of this section, in addition to all other revenues now authorized by law, by an annual levy not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district. In addition, if voters approve a ballot proposition authorizing additional levies by a simple majority vote, a port district located in a county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improvements and industrial developments may impose these levies for a third six-year period. Said levies shall be used exclusively for the exercise of the powers granted to port districts under chapter 53.25 RCW except as provided in *RCW 53.36.110. The levy of such taxes is herein authorized notwithstanding the provisions of RCW 84.52.050 and 84.52.043. The revenues derived from levies made under *RCW 53.36.100 and 53.36.110 not expended in the year in which the levies are made may be paid into a fund for future use in carrying out the powers granted under chapter 53.25 RCW, which fund may be accumulated and carried over from year to year, with the right to continue to levy the taxes provided for in *RCW 53.36.100 and 53.36.110 for the purposes herein authorized.

(2) If a port district intends to levy a tax under this section for one or more years after the first six years these levies were imposed, the port commission shall publish notice of this intention, in one or more newspapers of general circulation within the district, by June 1 of the year in which the first levy of the seventh through

twelfth year period is to be made. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, the county auditor shall canvass the signatures in the same manner as prescribed in RCW 29A.72.230 and certify their sufficiency to the port commission within two weeks. The proposition to make these levies in the seventh through twelfth year period shall be submitted to the voters of the port district at a special election, called for this purpose, no later than the date on which a primary election would be held under RCW 29A.04.311. The levies may be made in the seventh through twelfth year period only if approved by a majority of the voters of the port district voting on the proposition. [2015 c 53 § 84; 1994 c 278 § 1; 1982 1st ex.s. c 3 § 1; 1979 c 76 § 1; 1973 1st ex.s. c 195 § 58; 1957 c 265 § 1.]

***Reviser's note:** RCW 53.36.100 and 53.36.110 were repealed by 2015 c 135 § 5, effective January 1, 2026.

Effective date—1982 1st ex.s. c 3: "This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect April 1, 1982." [1982 1st ex.s. c 3 § 3.]

Severability—Effective dates and termination dates—Construction
—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Levy by port district under RCW 53.36.100—Application of chapter 84.55
RCW: RCW 84.55.045.

RCW 53.36.110 Levy for industrial development district purposes
—Excess funds to be used solely for retirement of general obligations. (Effective until January 1, 2026.) In the event the levy herein authorized shall produce revenue in excess of the requirements to complete the projects of a port district then provided for in its comprehensive scheme of harbor improvements and industrial developments or amendments thereto, said excess shall be used solely for the retirement of general obligation bonded indebtedness. [1957 c 265 § 2.]

RCW 53.36.120 Expenditures for industrial development, trade promotion, or promotional hosting—Budgeting required. Under the authority of Article VIII, section 8, of the state Constitution, port district expenditures for industrial development, trade promotion or promotional hosting shall be pursuant to specific budget items as approved by the port commission at the annual public hearings on the port district budget. [1967 c 136 § 1.]

RCW 53.36.130 Expenditures for industrial development, trade promotion, or promotional hosting—Source and amount of funds. Funds for promotional hosting expenditures shall be expended only from gross operating revenues and shall not exceed one percent thereof upon the

first two million five hundred thousand dollars of such gross operating revenues, one-half of one percent upon the next two million five hundred thousand dollars of such gross operating revenues, and one-fourth of one percent on the excess over five million dollars of such operating revenues: PROVIDED, HOWEVER, That in no case shall these limitations restrict a port district to less than twenty-five hundred dollars per year from any funds available to the port. [1967 c 136 § 2.]

RCW 53.36.140 Expenditures for industrial development, trade promotion, or promotional hosting—Rules and regulations—Authorizations—Vouchers. Port commissions shall adopt, in writing, rules and regulations governing promotional hosting expenditures by port employees or agents. Such rules shall identify officials and agents authorized to make such expenditures and the approved objectives of such spending. Port commissioners shall not personally make such expenditures, or seek reimbursement therefor, except where specific authorization of such expenditures has been approved by the port commission. All payments and reimbursements shall be identified and supported on vouchers approved by the port auditor. [1967 c 136 § 3.]

RCW 53.36.150 Expenditures for industrial development, trade promotion, or promotional hosting—Duties of state auditor. The state auditor shall, as provided in chapter 43.09 RCW:

(1) Audit expenditures made pursuant to RCW 53.36.120 through 53.36.150; and

(2) Promulgate appropriate rules and definitions as a part of the uniform system of accounts for port districts to carry out the intent of RCW 53.36.120 through 53.36.150: PROVIDED, That such accounts shall continue to include "gross operating revenues" which shall be exclusive of revenues derived from any property tax levy except as provided in RCW 53.36.130. [1967 c 136 § 4.]

RCW 53.36.160 Multiyear levy periods—Requirements. (1)(a) A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may thereafter raise revenue through:

(i) A first multiyear levy period, if it meets the requirements of this subsection (1);

(ii) A second multiyear levy period, if it meets the requirements of this subsection (1) and subsection (2) of this section; and

(iii) A third multiyear levy period, if it meets the requirements of subsection (3) of this section.

(b) First and second multiyear levy periods do not have to be consecutive.

(c) First and second multiyear levy periods may not overlap.

(d) The aggregate revenue that may be collected over a first or second multiyear levy period may not exceed the sum of: (i) Two dollars and seventy cents per thousand dollars of assessed value multiplied by the assessed valuation of the taxable property in the port district for taxes collected in the base year; and (ii) the difference of:

(A) The maximum allowable amount that could have been collected under RCW 84.55.010 for the first six collection years of the levy period; and

(B) The amount calculated under (d)(i) of this subsection (1).

(e) The levy rate in any year may not exceed forty-five cents per thousand dollars of assessed value.

(f) A levy period may not exceed twenty years from the date the initial levy is made in the period.

(g) A port district must adopt a resolution during the base year approving the use of a first or second multiyear levy period.

(2) If a port district intends to impose levies over a second multiyear levy period, the port commission must publish notice of this intention, in one or more newspapers of general circulation within the district, by April 1st of the year in which the first levy in the second multiyear levy period is to be made. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, the county auditor must canvass the signatures in the same manner as prescribed in RCW 29A.72.230 and certify their sufficiency to the port commission within two weeks. The proposition to impose levies over a second multiyear levy period must be submitted to the voters of the port district at a special election, called for this purpose, no later than the date on which a primary election would be held under RCW 29A.04.311. The levies may be made in the second multiyear levy period only if approved by a majority of the voters of the port district voting on the proposition.

(3) In addition, if voters approve a ballot proposition authorizing additional levies by a simple majority vote, a port district located in a county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improvements and industrial developments may impose a third levy for a period that may not exceed six years. The levy rate in any year may not exceed forty-five cents per thousand dollars of assessed value. Except for the initial levy in the third levy period, RCW 84.55.010 applies to the tax authorized in this subsection.

(4) The levy of such taxes under this section is authorized notwithstanding the provisions of RCW 84.52.043 and 84.52.050. The revenues derived from levies made under this section not expended in the year in which the levies are made may be paid into a fund for future use in carrying out the powers granted under chapter 53.25 RCW, which fund may be accumulated and carried over from year to year, with the right to continue to levy the taxes provided for under this section for the purposes herein authorized.

(5) In the event a levy authorized in this section produces revenue in excess of the requirements to complete the projects of a port district then provided for in its comprehensive scheme of harbor improvements and industrial developments or amendments thereto, the excess must be used solely for the retirement of general obligation bonded indebtedness.

(6) (a) Except as otherwise provided in this subsection, a port district that has levied the tax authorized under *RCW 53.36.100 may not levy a tax authorized under this section.

(b) A port district that levied the tax authorized under *RCW 53.36.100 for taxes collected in 2015 as part of the initial six-year period may levy the tax authorized under this section for a second and

third multiyear levy period in accordance with this section after the initial six-year levy period under *RCW 53.36.100.

(c) A port district that levied the tax authorized under *RCW 53.36.100 for taxes collected in 2015 as part of the second six-year period may levy the tax authorized under this section for a third multiyear levy period in accordance with this section after the second six-year levy period under *RCW 53.36.100.

(d) A port district that did not levy the tax authorized under *RCW 53.36.100 for taxes collected in 2015 but has previously levied a tax under *RCW 53.36.100 for only the initial six-year period may impose levies in accordance with this section for a second and third multiyear levy period.

(e) A port district that did not levy the tax authorized under *RCW 53.36.100 for taxes collected in 2015 but has previously levied a tax under *RCW 53.36.100 for the initial and second six-year periods may impose levies in accordance with this section for a third multiyear levy period.

(7) For the purposes of this section, "base year" means the year prior to the first collection year in a first or second multiyear levy period. [2015 c 135 § 1.]

***Reviser's note:** RCW 53.36.100 was repealed by 2015 c 135 § 5, effective January 1, 2026.

Applicability—2015 c 135 § 1: "Section 1 of this act applies to taxes levied for collection in 2016 and thereafter." [2015 c 135 § 6.]

Chapter 53.25 RCW
INDUSTRIAL DEVELOPMENT DISTRICTS—MARGINAL LANDS

Sections

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RCW 53.25.010 Marginal lands—Declaration of policies and purposes. It is hereby declared to be the public policy of the legislature of the state of Washington, that it is in the public interest to employ the power of eminent domain and advance and expend public moneys for the purposes herein contained, and to provide for means by which marginal area properties may be developed or redeveloped in accordance with the legislative policies hereinafter stated:

(1) A sound development of the economic security of the peoples of the state of Washington is dependent upon proper development and redevelopment of marginal properties, and the general welfare of the inhabitants of the port districts in which they exist require the remedying of such injurious conditions marginal properties are now subjected to.

(2) The development and redevelopment of such marginal area properties cannot be accomplished by private enterprise alone without public participation and assistance in the acquisition of land and planning and in the financing of land assembly in the work of clearance, development and redevelopment, and in the making of improvements necessary therefor.

(3) To protect and promote sound development and redevelopment of marginal lands as hereinafter defined, and the general welfare of the inhabitants of the port districts in which they exist, to remedying such injurious conditions through the employment of all appropriate means.

(4) That whenever the development or redevelopment of such marginal lands cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land and planning and in financing of land assembly in the work of clearance, development and redevelopment, and in the making of improvements necessary therefor, it is in the public interest to employ the power of eminent domain, to advance and expend public moneys for those purposes, and to provide for means by which such marginal lands may be developed or redeveloped.

(5) That the development or redevelopment of such marginal lands and the provision of appropriate continuing land use constitute public uses and purposes for which public moneys may be advanced or expended and private property acquired, and are governmental functions and are of state concern in the interest of health, safety and welfare of the state of Washington, and of the communities in which such areas exist.

(6) That the necessity in the public interest for the provision of this chapter is declared to be a matter of legislative determination. [1955 c 73 § 1.]

RCW 53.25.020 Marginal lands—Further declaration. It is further found and declared that:

(1) The existence of such marginal lands characterized by any or all of such conditions constitutes a serious and growing menace which is condemned as injurious and inimical to the public health, safety, and welfare of the people of the communities in which they exist and of the people of the state.

(2) Such marginal lands present difficulties and handicaps which are beyond remedy and control solely by regulatory processes in the exercise of the police power.

(3) They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for, crime prevention, correction, prosecution, and punishment, the treatment of juvenile delinquency, the preservation of the public health and safety, and the maintaining of adequate police, fire and accident protection, and other public services and facilities.

(4) This menace is becoming increasingly direct and substantial in its significance and effect.

(5) The benefits which will result from the remedying of such conditions and the redevelopment of such marginal lands will accrue to all the inhabitants and property owners of the communities in which they exist.

(6) Such conditions of marginal lands tend to further obsolescence, deterioration, and disuse because of the lack of incentive to the individual landowner and his or her inability to improve, modernize, or rehabilitate his or her property while the condition of the neighboring properties remains unchanged.

(7) As a consequence the process of deterioration of such marginal lands frequently cannot be halted or corrected except by redeveloping the entire area, or substantial portions of it.

(8) Such conditions of marginal lands are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective titles, and in many such instances the private assembly of the land areas for redevelopment is so difficult and costly that it is uneconomic and as a practical matter impossible for owners to undertake because of lack of the legal power and excessive costs.

(9) The remedying of such conditions may require the public acquisition at fair prices of adequate areas, the redevelopment of the areas suffering from such conditions under proper supervision, with appropriate planning, and continuing land use.

(10) The development or redevelopment of land, or both, acquired under the authority of this chapter constitute a public use and are governmental functions, and that the sale or leasing of such land after the same has been developed or redeveloped is merely incidental to the accomplishment of the real or fundamental purpose, that is, to remove the condition which caused said property to be marginal property as in this chapter defined. [2010 c 8 § 16006; 1955 c 73 § 2.]

RCW 53.25.030 "Marginal lands" defined. "Marginal lands" is defined and characterized by any one or more of the following described conditions:

(1) An economic dislocation, deterioration, or disuse resulting from faulty planning.

(2) The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.

(3) The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.

(4) The existence of inadequate streets, open spaces, and utilities.

(5) The existence of lots or other areas which are subject to being submerged by water.

(6) By a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.

(7) In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.

(8) In other parts of marginal lands, a loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

(9) Property of an assessed valuation of insufficient amount to permit the establishment of a local improvement district for the construction and installation of streets, walks, sewers, water and other utilities.

(10) Lands within an industrial area which are not devoted to industrial use but which are necessary to industrial development within the industrial area. [1955 c 73 § 3.]

RCW 53.25.040 Industrial development districts authorized—

Boundaries—Deletion of land area. (1) A port commission may, after a public hearing thereon, of which at least ten days' notice must be published in a newspaper of general circulation in the port district, create industrial development districts within the district and define the boundaries thereof, if it finds that the creation of the industrial development district is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district.

(2)(a) The boundaries of an industrial development district created by subsection (1) of this section may be revised from time to time by resolution of the port commission, to delete land area therefrom, if the land area to be deleted was acquired by the port district with its own funds or by gift or transfer other than pursuant to RCW 53.25.050 or 53.25.060.

(b) As to any land area to be deleted under this subsection that was acquired or improved by the port district with funds obtained through RCW *53.36.100 or 53.36.160, the port district must deposit funds equal to the fair market value of the lands and improvements into the fund for future use described in RCW *53.36.100 or 53.36.160 and such funds are thereafter subject to RCW *53.36.100 or 53.36.160. The fair market value of the land and improvements must be determined as of the effective date of the port commission action deleting the land from the industrial development district and must be determined by an average of at least two independent appraisals by professionally designated real estate appraisers or licensed real estate brokers. The funds must be deposited into the fund for future use described in *RCW 53.36.100 within ninety days of the effective date of the port commission action deleting the land area from the industrial district. Land areas deleted from an industrial development district under this subsection are not further subject to the provisions of this chapter. This subsection applies to presently existing and future industrial development districts. Land areas deleted from an industrial development district under this subsection that were included within such district for less than two years, if the port district acquired the land through condemnation or as a consequence of threatened condemnation, must be offered for sale, for cash, at the appraised price, to the former owner of the property from whom the district obtained title. Such offer must be made by certified or registered letter to the last known address of the former owner. The letter must include the appraised price of the property and notice that the former owner must respond in writing within thirty days or lose the right to purchase. If this right to purchase is exercised, the sale must be closed by midnight of the sixtieth day, including nonbusiness days, following close of the thirty-day period. [2015 c 135 § 2; 1989 c 167 § 1; 1985 c 469 § 53; 1955 c 73 § 4. Prior: 1943 c 166 § 1; 1939 c 45 § 1; Rem. Supp. 1943 § 9709-1; RCW 53.24.010.]

***Reviser's note:** RCW 53.36.100 was repealed by 2015 c 135 § 5, effective January 1, 2026.

RCW 53.25.050 Tax title lands may be conveyed to district. Any lands in an industrial development district acquired by the county by tax foreclosure, may, if the county commissioners deem the lands chiefly valuable for industrial development purposes, be conveyed to the port district. The lands shall be held in trust by the port

district and may be managed, developed, leased, or sold by it as provided in this chapter.

From the proceeds of the sale or lease of the lands, the district shall first reimburse itself for any expense incurred by it in managing and developing the lands and any balance shall be paid to the county, which shall distribute it the same as general taxes collected in that year. [1955 c 73 § 5. Prior: 1939 c 45 § 2; RRS § 9709-2; RCW 53.24.020.]

RCW 53.25.060 Private lands may be conveyed to district—

Cancellation of taxes. With the approval of the county commissioners, any lands in an industrial development district, owned privately, which the port commission deems valuable for industrial development purposes, may be deeded to and accepted by the port district, subject to delinquent general taxes thereon. When the commission has recorded the deed and notified the county commissioners thereof, the county commissioners shall order all taxes assessed against the lands canceled and the county treasurer shall record the cancellation, and remove the lands from the tax rolls. Thereafter the lands shall be held in trust, managed, developed, leased, and sold by the district, and the proceeds therefrom disposed of in the same manner as hereinabove provided. [1955 c 73 § 6. Prior: 1939 c 45 § 3; RRS § 9709-3; RCW 53.24.030.]

RCW 53.25.070 Discharge of trust. With the approval of the county commissioners, a port district may free any lands acquired by it pursuant to this chapter from the trust imposed upon it herein, by paying to the county the amount of the delinquent taxes against the land at the time the county acquired it by tax foreclosure, or the amount of the delinquent taxes against it when it was conveyed to the district by the private owner. [1955 c 73 § 7. Prior: 1939 c 45 § 4; RRS § 9709-4; RCW 53.24.040.]

RCW 53.25.080 When lands revert to county. Ten years from the date of its acquisition, property acquired by a port district pursuant to this chapter shall revert to the county to be used the same as property acquired by tax foreclosure, and upon demand by the county commissioners the port commission shall convey the property to the county, unless before the expiration of the ten year period, the port district has adopted a comprehensive plan of harbor improvement which provides for the improvement of an industrial development district which includes such lands or the district has freed the land from the trust imposed upon it as provided in this chapter. [1955 c 73 § 8. Prior: 1939 c 45 § 8; RRS § 9709-8; RCW 53.24.050.]

RCW 53.25.090 Conditions precedent to making improvements. No expenditure for improvement of property in an industrial development district, other than the expense of preparing and submitting a plan of improvement shall be made by a port district, and no property shall be acquired by it therefor except as provided for hereinbefore until it has been made a part of the comprehensive scheme of harbor improvements and industrial developments or amendments thereto.

That said comprehensive scheme or amendments thereto shall provide for the development or redevelopment of those marginal lands acquired and a provision for the continuing of the land uses which are hereby declared to constitute public uses and the purposes for which public moneys may be advanced and provide property acquired. [1955 c 73 § 9. Prior: 1939 c 45 § 5; RRS § 9709-5; RCW 53.24.060.]

RCW 53.25.100 Powers as to industrial development districts.

All port districts wherein industrial development districts have been established are authorized and empowered to acquire by purchase or condemnation or both, all lands, property and property rights necessary for the purpose of the development and improvement of such industrial development district and to exercise the right of eminent domain in the acquirement or damaging of all lands, property and property rights and the levying and collecting of assessments upon property for the payment of all damages and compensation in carrying out the provisions for which said industrial development district has been created; to develop and improve the lands within such industrial development district to make the same suitable and available for industrial uses and purposes; to dredge, bulkhead, fill, grade, and protect such property; to provide, maintain, and operate water, light, power and fire protection facilities and services, streets, roads, bridges, highways, waterways, tracks, and rail and water transfer and terminal facilities and other harbor and industrial improvements; to execute leases of such lands or property or any part thereof; to establish local improvement districts within such industrial development districts which may, but need not, be coextensive with the boundaries thereof, and to levy special assessments, under the mode of annual installments, over a period not exceeding ten years, on all property specially benefited by any local improvement, on the basis of special benefits, to pay in whole or in part the damages or costs of any improvement ordered in such local improvement district; to issue local improvement bonds in any such local improvement district; to be repaid by the collection of local improvement assessments; and generally to exercise with respect to and within such industrial development districts all the powers now or hereafter conferred by law upon port districts in counties with a population of one hundred twenty-five thousand or more: PROVIDED, That the exercise of powers hereby authorized and granted shall be in the manner now and hereafter provided by the laws of the state for the exercise of such powers by port districts under the general laws relating thereto insofar as the same shall not be inconsistent with this chapter. [1991 c 363 § 132; 1955 c 73 § 10. Prior: 1939 c 45 § 6; RRS § 9709-6; RCW 53.24.070.]

Purpose—Captions not law—1991 c 363: See notes following RCW 2.32.180.

Eminent domain: State Constitution Art. 1 § 16 (Amendment 9); Title 8 RCW.

RCW 53.25.110 Sale authorized in industrial development district. When a port commission deems it for the best interests of the district and the people thereof and in furtherance of its general plan of harbor improvement, or industrial development, or both, it may

sell and convey any property or part thereof owned by it within an industrial district. This section shall not be limited by chapter 53.08 RCW, pertaining to powers of port districts. [1955 c 73 § 11. Prior: 1939 c 45 § 9; RRS § 9709-9; RCW 53.28.010.]

Harbor improvement plan: RCW 53.20.010.

RCW 53.25.120 Notice of hearing on sale—Hearing—Plans and specifications—Conditions—Devotion of property to public use. The port commission shall give notice of the proposed sale by publication in a newspaper of general circulation in the county, and by posting in three public places in the port district at least ten days before the date fixed for the hearing thereon.

The notice shall describe the property to be sold and state that at the time and place specified therein, the commission will meet at its usual meeting place, designating it, to hear and determine the advisability of the sale.

The hearing shall be held not more than twenty days from the publication of notice. At the hearing the commission shall hear the reasons of any taxpayer in the port district, for or against the sale.

No sales shall be made, however, of the property of any industrial development district until the purchaser thereof shall have submitted to the port commission plans and specifications for the development of the property, and the plans and specifications shall be approved in writing before the property shall be conveyed, and the conditions upon which the properties are conveyed shall be set forth in the instrument conveying title thereof with the further condition that all of the conditions set forth shall be covenants running with the land. All properties acquired in the manner herein set forth shall be devoted to the public use herein provided for. [1985 c 469 § 54; 1963 c 138 § 1; 1955 c 73 § 12. Prior: 1939 c 45 § 10; RRS § 9709-10; RCW 53.28.020.]

Validating—1963 c 138: "All sales made prior to the effective date of this amendatory act which are otherwise valid except for compliance with the limitation in section 12, chapter 73, Laws of 1955, which provided that the hearing shall be held not more than ten days from the publication of notice, are hereby ratified and validated.

All sales made prior to the effective date of this amendatory act under the provisions of section 18, chapter 73, Laws of 1955 and RCW 53.25.180 are hereby ratified and validated." [1963 c 138 § 3.]

RCW 53.25.130 Findings and determination—Record—Appeal. Within three days after the hearing the commission shall make its findings and determination on the advisability of making the sale and enter its determination in its records. Any aggrieved party may appeal the determination of the commission by filing appeal with the superior court of the county in which the district is located within twenty days of the entry of the determination but no appeal shall be allowed except on the grounds that the action of the commission was arbitrary, capricious, or unlawful. [1955 c 73 § 13. Prior: 1939 c 45 § 11; RRS § 9709-11; RCW 53.28.030.]

RCW 53.25.140 Action on determination—Sale by competitive bid or negotiation. If the determination is against the sale, all proceedings thereon shall terminate. If the commission determines in favor of the sale by at least a two-thirds vote of the full commission, it shall in its discretion, either enter an order fixing a period, not less than twenty nor more than thirty days from the date of the order, during which bids will be received for the property or any part thereof, and give notice thereof in the same manner as for the hearing on the proposal to sell or negotiate the sale with an appropriate purchaser, provided that in any such negotiated sale the purchase price must not be less than the fair market value of the property which shall be determined by an average of at least two independent appraisals performed by licensed real estate brokers or professionally designated real estate appraisers as defined in *RCW 74.46.020. Whether the property is sold by competitive bidding or negotiation, other real property conveyed by the purchaser to the commission may constitute all or a portion of the consideration for the sale. [1984 c 195 § 1; 1955 c 73 § 14. Prior: 1939 c 45 § 12; RRS § 9709-12; RCW 53.28.040.]

***Reviser's note:** RCW 74.46.020 was amended by 2010 1st sp.s. c 34 § 2, deleting the definition of "professionally designated real estate appraiser."

RCW 53.25.150 Competitive bids—Conditions—Acceptance. If the commission chooses to sell the property through competitive bidding under RCW 53.25.140:

(1) Bids may be submitted for the property or any part of it, shall state the use which the bidder intends to make of it, and the commission may require the successful bidder to file additional information as to the intended use, and may require of him or her security as assurance that the property will be used for that purpose;

(2) All sales shall be made to the best bidder, and in determining the best bid, the commission may also consider the nature of the proposed use and the relation thereof to the improvement of the harbor and the business and facilities thereof;

(3) Within thirty days after the last day for submitting bids, the commission shall decide which if any bids it accepts. All sales shall be made upon such terms and conditions as the commission may prescribe. [2010 c 8 § 16007; 1984 c 195 § 2; 1955 c 73 § 15. Prior: 1939 c 45 § 13, part; RRS § 9709-13, part; RCW 53.28.050.]

RCW 53.25.160 Devotion of property to intended use—Remedy—Restraint on alienation. The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall commence work on the improvements thereon to devote it to such use, and if he or she fails to do so, the port commission may cancel the sale and return the money paid on the purchase price, and title to the property shall revert to the district. This remedy shall be in addition to any other remedy under the terms of the sale. No purchaser shall transfer title to such property within one year from the date of purchase. [2010 c 8 § 16008; 1955 c 73 § 16. Prior: 1939 c 45 § 13, part; RRS § 9709-13, part; RCW 53.28.060.]

RCW 53.25.170 Covenant running with the land—Forfeiture. All sales made in accordance with the provisions of this chapter shall have incorporated in the instrument of conveyance of title the conditions of this chapter relating to the use of the land as a covenant running with the land. Any violation of such covenant shall result in a right by the commission, as grantee, to forfeit the land. [1955 c 73 § 17.]

RCW 53.25.190 Eminent domain. All port districts of the state of Washington which have created or may hereafter create industrial development districts in the manner provided by law, in addition to all powers possessed by such port districts, be and are hereby granted power of eminent domain to acquire real property within the limits of such industrial development district which property is marginal lands as the term is herein defined. The exercise of the power granted in this section shall be exercised in the same manner and by the same procedure as in or may be provided by law for cities of the first class except insofar as such duties may be inconsistent with the provisions of this chapter and the duties devolving upon the city treasurer under said law be and the same are hereby imposed upon the county treasurer for the purposes of this chapter. [1955 c 73 § 19.]

Eminent domain: State Constitution Art. 1 § 16 (Amendment 9).

Eminent domain by cities: Chapter 8.12 RCW.

RCW 53.25.200 Advances of general fund moneys or credit. Port districts are hereby granted the power to advance their general fund moneys or credit, or both, without interest to accomplish the objects and purposes of this chapter, which fund shall be repaid from the sale or lease, or both, of such developed or redeveloped lands, provided, if the money advanced for such development or redevelopment was obtained from the sale of general obligation bonds of the port, then such advances shall bear the same rate of interest that said bonds bore. [1955 c 73 § 20.]

RCW 53.25.210 Determination that land sought by eminent domain is marginal. The determination that property sought by eminent domain proceedings is marginal lands as herein defined is a judicial question, provided that a duly adopted resolution of the commissioners of the port district that the property sought is marginal lands as the term is herein defined, setting forth the characteristics of the lands sought to be acquired which constitutes the marginal lands as herein defined, shall be prima facie evidence that such land is marginal lands as defined in this chapter. [1955 c 73 § 21.]

RCW 53.25.900 Repeal and saving. Chapter 53.24 RCW and chapter 53.28 RCW and chapter 45, Laws of 1939, as last amended by section 1, chapter 166, Laws of 1943 are repealed: PROVIDED, That nothing herein contained shall be construed as affecting any existing right acquired under the provisions of said act. [1955 c 73 § 22.]

RCW 84.52.052 Excess levies authorized—When—Procedure. The limitations imposed by RCW 84.52.050 through 84.52.056, and RCW 84.52.043 shall not prevent the levy of additional taxes by any taxing district, except school districts and fire protection districts, in which a larger levy is necessary in order to prevent the impairment of the obligation of contracts. As used in this section, the term "taxing district" means any county, metropolitan park district, park and recreation service area, park and recreation district, water-sewer district, solid waste disposal district, public facilities district, flood control zone district, county rail district, service district, public hospital district, road district, rural county library district, island library district, rural partial-county library district, intercounty rural library district, cemetery district, city, town, transportation benefit district, emergency medical service district with a population density of less than one thousand per square mile, cultural arts, stadium, and convention district, ferry district, city transportation authority, or regional fire protection service authority.

Any such taxing district may levy taxes at a rate in excess of the rate specified in RCW 84.52.050 through 84.52.056 and 84.52.043, or 84.55.010 through 84.55.050, when authorized so to do by the voters of such taxing district in the manner set forth in Article VII, section 2(a) of the Constitution of this state at a special or general election to be held in the year in which the levy is made.

A special election may be called and the time therefor fixed by the county legislative authority, or council, board of commissioners, or other governing body of any such taxing district, by giving notice thereof by publication in the manner provided by law for giving notices of general elections, at which special election the proposition authorizing such excess levy shall be submitted in such form as to enable the voters favoring the proposition to vote "yes" and those opposed thereto to vote "no." [2004 c 129 § 22; 2003 c 83 § 312. Prior: 2002 c 248 § 16; 2002 c 180 § 1; 1996 c 230 § 1615; 1993 c 284 § 4; 1991 c 138 § 1; 1989 c 53 § 4; 1988 ex.s. c 1 § 18; prior: 1983 c 315 § 10; 1983 c 303 § 16; 1983 c 130 § 11; 1983 c 2 § 19; prior: 1982 1st ex.s. c 22 § 17; 1982 c 175 § 7; 1982 c 123 § 19; 1981 c 210 § 20; 1977 ex.s. c 325 § 1; 1977 c 4 § 1; 1973 1st ex.s. c 195 § 102; 1973 1st ex.s. c 195 § 147; 1973 c 3 § 1; 1971 ex.s. c 288 § 26; 1965 ex.s. c 113 § 1; 1963 c 112 § 1; 1961 c 15 § 84.52.052; prior: 1959 c 304 § 8; 1959 c 290 § 1; 1957 c 58 § 15; 1957 c 32 § 1; 1955 c 93 § 1; 1953 c 189 § 1; 1951 2nd ex.s. c 23 § 3; prior: 1951 c 255 § 1, part; 1950 ex.s. c 11 § 1, part; 1945 c 253 § 1, part; 1941 c 176 § 1, part; 1939 c 83 § 1, part; 1939 c 2 (Init. Meas. No. 129); 1937 c 1 (Init. Meas. No. 114); 1935 c 2 (Init. Meas. No. 94); 1933 c 4 (Init. Meas. No. 64); Rem. Supp. 1945 § 11238-1e, part.]

Findings—Intent—Captions, part headings not law—Severability—Effective date—2003 c 83: See notes following RCW 36.57A.200.

Contingent effective date—2002 c 180: "This act takes effect January 1, 2003, if the proposed amendment to Article VII, section 2 of the state Constitution authorizing multiyear excess property tax levies is validly submitted to and approved by the voters at the next general election. If the proposed amendment is not approved, this act is void in its entirety." [2002 c 180 § 4.] The proposed amendment to Article VII, section 2 was approved at the November 2002 election.

Part headings not law—Effective date—1996 c 230: See notes following RCW 57.02.001.

Severability—1989 c 53: See note following RCW 36.73.020.

Severability—1983 c 315: See note following RCW 90.03.500.

Severability—1983 c 2: See note following RCW 18.71.030.

Severability—1982 c 175: See note following RCW 36.58.100.

Severability—1981 c 210: See note following RCW 36.68.400.

Severability—1977 ex.s. c 325: "If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected." [1977 ex.s. c 325 § 5.]

Effective date—1977 ex.s. c 325: "This 1977 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1977." [1977 ex.s. c 325 § 6.]

Severability—1977 c 4: "If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected." [1977 c 4 § 4.]

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Savings—Severability—1971 ex.s. c 288: See notes following RCW 84.40.030.

RCW 84.48.130 Certification of assessed valuation to taxing districts. It shall be the duty of the assessor of each county, when the assessor shall have received from the state department of revenue the certificate of the assessed valuation of the property of railroad and/or other companies assessed by the department of revenue and apportioned to the county, and shall have distributed the value so certified, to the several taxing districts in the county entitled to a proportionate value thereof, and placed the same upon the tax rolls of the county, to certify to the county legislative authority and to the officers authorized by law to estimate expenditures and/or levy taxes for any taxing district coextensive with the county, the total assessed value of property in the county as shown by the completed tax rolls, and to certify to the officers authorized by law to estimate expenditures and/or levy taxes for each taxing district in the county not coextensive with the county, the total assessed value of the property in such taxing district. [1994 c 124 § 34; 1975 1st ex.s. c 278 § 207; 1961 c 15 § 84.48.130. Prior: 1939 c 206 § 38; 1925 ex.s. c 130 § 73; RRS § 11234.]

Construction—Severability—1975 1st ex.s. c 278: See notes following RCW 11.08.160.

RCW 84.52.020 City and district budgets to be filed with county legislative authority. It shall be the duty of the city council or other governing body of every city, other than a city having a population of three hundred thousand or more, the board of directors of school districts of the first class, the superintendent of each educational service district for each constituent second-class school district, commissioners of port districts, commissioners of metropolitan park districts, and of all officials or boards of taxing districts within or coextensive with any county required by law to certify to the county legislative authority, for the purpose of levying district taxes, budgets or estimates of the amounts to be raised by taxation on the assessed valuation of the property in the city or district, through their chair and clerk, or secretary, to make and file such certified budget or estimates with the clerk of the county legislative authority on or before the thirtieth day of November. [2005 c 52 § 1; 1994 c 81 § 85; 1988 c 222 § 27; 1975-'76 2nd ex.s. c 118 § 33; 1975 c 43 § 33; 1961 c 15 § 84.52.020. Prior: 1939 c 37 § 1; 1925 ex.s. c 130 § 75; RRS § 11236; prior: 1909 c 138 § 1; 1893 c 71 §§ 2, 3.]

Severability—1975-'76 2nd ex.s. c 118: See note following RCW 28A.505.010.

Effective date—Severability—1975 c 43: See notes following RCW 28A.535.050.

**Chapter 53.35 RCW
BUDGETS**

Sections

53.35.010	Preliminary budget.
53.35.020	Publication of notice of preliminary budget and hearing.
53.35.030	Hearing—Final budget.
53.35.040	Final budget to be filed with county commissioners.
53.35.045	Alternate date for filing final budget.
53.35.050	Supplemental budgets.
53.35.060	Fiscal year.
53.35.070	Chapter exclusive method for budgets.

RCW 53.35.010 Preliminary budget. On or before the 15th day of September of each year each port commission shall prepare a preliminary budget of the port district for the ensuing fiscal year showing the estimated expenditures and the anticipated available funds from which all expenditures are to be paid. [1959 c 159 § 1.]

RCW 53.35.020 Publication of notice of preliminary budget and hearing. Following the preparation of the preliminary budget, the port commission shall publish a notice stating that the preliminary budget of the port district has been prepared and placed on file at the office of the port district; that a copy thereof may be obtained by any taxpayer at an address set forth in the notice; that the commission will meet at a date, hour and place set forth in the notice, such date to be not earlier than September 15th and not later than the first Tuesday following the first Monday in October, for the purpose of fixing and adopting the final budget of the port district for the ensuing year. The notice shall be published once each week for two consecutive weeks in a legal newspaper of the district, or if there is none, in any newspaper of general circulation in the county, the first publication to be not less than nine days nor more than twenty days prior to the date of the hearing. [1959 c 159 § 2.]

RCW 53.35.030 Hearing—Final budget. On the day set by the notice provided for in RCW 53.35.020 the commission shall meet at the place and hour designated for the purpose of a hearing on the budget and adoption of a final budget. Any person may present objections to the preliminary budget following which the commission shall, by resolution adopt a final budget. [1959 c 159 § 3.]

RCW 53.35.040 Final budget to be filed with county commissioners. It shall be the duty of the commissioners of port districts, for the purpose of levying port district taxes, to file with the clerk of the board of county commissioners on or before the Wednesday next following the first Monday in October in each year a certified copy of such final budget which shall specify the amounts to be raised by taxation on the assessed valuation of the property in the port district. [1959 c 159 § 4.]

RCW 53.35.045 Alternate date for filing final budget.

Notwithstanding any provision of law to the contrary, the board of commissioners of a port district may file with the clerk of the county legislative authority a certified copy of the port district final budget, provided for in RCW 53.35.040, on the first Monday in December. The board of port commissioners may also set other dates relating to the budget process, including but not limited to the dates set in RCW 53.35.010 and 53.35.020 to conform to the alternate date for final budget filing. [1974 ex.s. c 19 § 1.]

RCW 53.35.050 Supplemental budgets.

A port commission may adopt by resolution one or more supplemental budgets at any time during the fiscal year. Such supplemental budget shall be adopted only after public hearing. Notice of such hearing shall be given by a single publication of notice of the date, place and hour of the hearing in a legal newspaper of the district, or if there is none, in any newspaper of general circulation in the county, the publication of such notice to be at least five days and not more than fifteen days prior to the hearing date. [1959 c 159 § 5.]

RCW 53.35.060 Fiscal year.

The fiscal year for a port district shall be the calendar year. [1959 c 159 § 6.]

RCW 53.35.070 Chapter exclusive method for budgets.

The provisions of this chapter shall constitute the exclusive requirement and authority for the preparation, adoption, certification and filing of port district budgets. [1959 c 159 § 7.]

Chapter Listing | RCW Dispositions

Chapter 84.55 RCW

LIMITATIONS UPON REGULAR PROPERTY TAXES

Sections

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HTML	PDF	84.55.135	Property tax levies or special assessments on dissolved special purpose districts—When authorized.

PDF **RCW 84.55.005****Definitions.**

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred one percent;

(b) For taxing districts for which a limit factor is authorized under RCW **84.55.0101**, the lesser of the limit factor authorized under that section or one hundred one percent;

(c) For all other districts, the lesser of one hundred one percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW **84.04.140**.

[2014 c 97 § 316; 2007 sp.s. c 1 § 1. Prior: 1997 c 393 § 20; 1997 c 3 § 201 (Referendum Bill No. 47, approved November 4, 1997); 1994 c 301 § 49; 1983 1st ex.s. c 62 § 11.]

NOTES:

Reviser's note: On November 8, 2007, Initiative Measure No. 747 was declared unconstitutional in its entirety in *Wash. Citizens Action of Wash. v. State*, 162 Wn.2d 142, 171 P.3d 486 (2007).

Application—Effective date—2007 sp.s. c 1: See notes following RCW **84.55.0101**.

Intent—1997 c 3 §§ 201-207: See note following RCW **84.55.010**.

Application—Severability—Part headings not law—Referral to electorate—1997 c 3: See notes following RCW **84.40.030**.

Short title—Intent—Effective dates—Applicability—1983 1st ex.s. c 62: See notes following RCW **84.36.477**.

PDF **RCW 84.55.010****Limitations prescribed.**

(1) Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent

years in which such taxes were levied for such district, excluding any increase due to (e) of this subsection, unless the highest levy was the statutory maximum rate amount, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:

(a) New construction;

(b) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

(c) Improvements to property;

(d) Any increase in the assessed value of state-assessed property; and

(e) Any increase in the assessed value of real property, as that term is defined in RCW

39.114.010, within an increment area as designated by any local government in RCW **39.114.020**

provided that such increase is not included elsewhere under this section. This subsection (1)(e) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

(2) The requirements of this section do not apply to:

(a) State property taxes levied under RCW **84.52.065**(1) for collection in calendar years 2019 through 2021; and

(b) State property taxes levied under RCW **84.52.065**(2) for collection in calendar years 2018 through 2021.

[2021 c 207 § 10; 2017 3rd sp.s. c 13 § 302; 2014 c 4 § 1; 2006 c 184 § 1; 1997 c 3 § 202 (Referendum Bill No. 47, approved November 4, 1997); 1979 ex.s. c 218 § 2; 1973 1st ex.s. c 67 § 1; 1971 ex.s. c 288 § 20.]

NOTES:

Application—Tax preference performance statement and expiration—2017 3rd sp.s. c 13 §§ 301-314: See notes following RCW **84.52.065**.

Intent—2017 3rd sp.s. c 13: See note following RCW **28A.150.410**.

Application—2014 c 4: "This act applies to taxes levied for collection in 2015 and thereafter." [2014 c 4 § 6.]

Intent—1997 c 3 §§ 201-207: "It is the intent of sections 201 through 207 of this act to lower the one hundred six percent limit while still allowing taxing districts to raise revenues in excess of the limit if approved by a majority of the voters as provided in RCW **84.55.050**." [1997 c 3 § 208 (Referendum Bill No. 47, approved November 4, 1997).]

Application—Severability—Part headings not law—Referral to electorate—1997 c 3: See notes following RCW **84.40.030**.

Effective date—Applicability—1979 ex.s. c 218: "This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately: PROVIDED, That the amendment to RCW **84.55.010** by section 2 of this act shall be effective for 1979 levies for taxes collected in 1980, and for subsequent years." [1979 ex.s. c 218 § 8.]

PDF **RCW 84.55.0101****Limit factor—Authorization for taxing district to use one hundred one percent or less—Ordinance or resolution.**

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred one percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

[2007 sp.s. c 1 § 2; 1997 c 3 § 204 (Referendum Bill No. 47, approved November 4, 1997).]

NOTES:

Reviser's note: On November 8, 2007, Initiative Measure No. 747 was declared unconstitutional in its entirety in *Wash. Citizens Action of Wash. v. State*, 162 Wn.2d 142, 171 P.3d 486 (2007).

Application—2007 sp.s. c 1: "This act applies both prospectively and retroactively to taxes levied for collection in 2002 and thereafter." [2007 sp.s. c 1 § 3.]

Effective date—2007 sp.s. c 1: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [November 29, 2007]." [2007 sp.s. c 1 § 4.]

Intent—1997 c 3 §§ 201-207: See note following RCW 84.55.010.

Application—Severability—Part headings not law—Referral to electorate—1997 c 3: See notes following RCW 84.40.030.

PDF **RCW 84.55.015****Restoration of regular levy.**

(1) If a taxing district has not levied for the last seven calendar years and elects to restore a regular property tax levy, then the amount of the first restored levy must result in a tax rate that does not exceed the statutory rate limit applicable to the taxing district's regular property tax levy.

(2) If a taxing district has not levied for the last six or fewer calendar years and elects to restore a regular property tax levy, then the first restored levy must not exceed the maximum levy amount allowed by the levy limit that would have been imposed had the taxing district continuously levied.

[2023 c 28 § 8; 2014 c 4 § 2; 2006 c 184 § 2; 1999 c 96 § 1; 1979 ex.s. c 218 § 4.]

NOTES:

Application—2023 c 28 §§ 2 and 7-9: See note following RCW 84.40.370.

Application—2014 c 4: See note following RCW 84.55.010.

PDF

RCW 84.55.020**Limitation upon first levy for district created from consolidation.**

Notwithstanding the limitation set forth in RCW 84.55.010, the first levy for a taxing district created from consolidation of similar taxing districts must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the sum of the amount of regular property taxes each component taxing district could have levied under RCW 84.55.092 plus the additional dollar amount calculated by multiplying the regular property tax rate of each component district for the preceding year by the increase in assessed value in each component district resulting from:

- (1) New construction;
- (2) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;
- (3) Improvements to property;
- (4) Any increase in the assessed value of state-assessed property; and
- (5) Any increase in the assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government under RCW 39.114.020 if the increase is not included elsewhere under this section. This subsection (5) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

[2023 c 354 § 5; 2023 c 28 § 9; 2014 c 4 § 3; 2006 c 184 § 3; 1997 c 3 § 203 (Referendum Bill No. 47, approved November 4, 1997); 1971 ex.s. c 288 § 21.]

NOTES:

Reviser's note: This section was amended by 2023 c 28 § 9 and by 2023 c 354 § 5, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Effective date—2023 c 354: See note following RCW 39.114.010.

Application—2023 c 28 §§ 2 and 7-9: See note following RCW 84.40.370.

Application—2014 c 4: See note following RCW 84.55.010.

Intent—1997 c 3 §§ 201-207: See note following RCW 84.55.010.

Application—Severability—Part headings not law—Referral to electorate—1997 c 3:
See notes following RCW 84.40.030.

Savings—Severability—1971 ex.s. c 288: See notes following RCW 84.40.030.

PDF **RCW 84.55.030**

Limitation upon first levy following annexation.

For the first levy for a taxing district following annexation of additional property, the limitation set forth in RCW 84.55.010 must be increased by an amount equal to the aggregate assessed valuation of the newly annexed property as shown by the current completed and balanced tax rolls of the county or counties within which such property lies, multiplied by the dollar rate that would have been used by the annexing unit in the absence of such annexation, plus the additional dollar amount calculated by multiplying the regular property tax levy rate of that annexing taxing district for the preceding year by the increase in assessed value in the annexing district resulting from:

- (1) New construction;
- (2) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;
- (3) Improvements to property;
- (4) Any increase in the assessed value of state-assessed property; and
- (5) Any increase in the assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government in RCW 39.114.020 if the increase is not included elsewhere under this section. This subsection does not apply to levies by the state or by port districts or public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

[2023 c 354 § 6; 2014 c 4 § 4; 2006 c 184 § 4; 1973 1st ex.s. c 195 § 107; 1971 ex.s. c 288 § 22.]

NOTES:

Effective date—2023 c 354: See note following RCW 39.114.010.

Application—2014 c 4: See note following RCW 84.55.010.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Savings—Severability—1971 ex.s. c 288: See notes following RCW 84.40.030.

PDF **RCW 84.55.035**

Inapplicability of limitation to newly-formed taxing district created other than by consolidation or annexation.

RCW **84.55.010** shall not apply to the first levy by or for a newly-formed taxing district created other than by consolidation or annexation.

This section shall be retroactive in effect and shall be deemed to validate any levy within its scope, even though the levy has been made prior to June 4, 1979.

[1979 ex.s. c 218 § 5.]

PDF **RCW 84.55.040**

Increase in statutory dollar rate limitation.

If by reason of the operation of RCW **84.52.043** and **84.52.050**, as now or hereafter amended the statutory dollar rate limitation applicable to the levy by a taxing district has been increased over the statutory millage limitation applicable to such taxing district's levy in the preceding year, the limitation on the dollar rate amount of a levy provided for in this chapter shall be increased by multiplying the otherwise dollar limitation by a fraction, the numerator of which is the increased dollar limitation and the denominator of which is the dollar limitation for the prior year.

[1973 1st ex.s. c 195 § 108; 1973 1st ex.s. c 195 § 151; 1971 ex.s. c 288 § 23.]

NOTES:

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW **84.52.043**.

Savings—Severability—1971 ex.s. c 288: See notes following RCW **84.40.030**.

PDF **RCW 84.55.045**

Applicability of chapter to levy by port district for industrial development district purposes.

For purposes of applying the provisions of this chapter:

- (1) A levy by or for a port district pursuant to *RCW **53.36.100** shall be treated in the same manner as a separate regular property tax levy made by or for a separate taxing district; and
- (2) The first levy by or for a port district pursuant to *RCW **53.36.100** after April 1, 1982, shall not be subject to RCW **84.55.010**.

[1982 1st ex.s. c 3 § 2.]

NOTES:

***Reviser's note:** RCW **53.36.100** was repealed by 2015 c 135 § 5, effective January 1, 2026.

Effective date—1982 1st ex.s. c 3: "This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect April 1, 1982." [1982 1st ex.s. c 3 § 3.]

PDF **RCW 84.55.047**

Applicability of chapter to community revitalization financing increment areas.

Limitations on regular property taxes that are provided in this chapter shall continue in a taxing district whether or not an increment area exists within the taxing district as provided under chapter 39.89 RCW.

[2001 c 212 § 24.]

NOTES:

PDF **RCW 84.55.050**

Election to authorize increase in regular property tax levy—Limited propositions—Procedure.

*** CHANGE IN 2024 *** (SEE 2044.SL) ***

(1) Subject to any otherwise applicable statutory dollar rate limitations, regular property taxes may be levied by or for a taxing district in an amount exceeding the limitations provided for in this chapter if such levy is authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters. Any election held pursuant to this section shall be held not more than 12 months prior to the date on which the proposed levy is to be made, except as provided in subsection (2) of this section. The ballot of the proposition shall state the dollar rate proposed and shall clearly state the conditions, if any, which are applicable under subsection (4) of this section.

(2)(a) Subject to statutory dollar limitations, a proposition placed before the voters under this section may authorize annual increases in levies for multiple consecutive years, up to six consecutive years, during which period each year's authorized maximum legal levy shall be used as the base upon which an increased levy limit for the succeeding year is computed, but the ballot proposition must state the dollar rate proposed only for the first year of the consecutive years and must state the limit factor, or a specified index to be used for determining a limit factor, such as the consumer price index, which need not be the same for all years, by which the regular tax levy for the district may be increased in each of the subsequent consecutive years. Elections for this purpose must be held at a primary or general election. The title of each ballot measure must state the limited purposes for which the proposed annual increases during the specified period of up to six consecutive years shall be used.

~~(b)(i) Except as otherwise provided in this subsection (2)(b), funds raised by a levy under this subsection may not supplant existing funds used for the limited purpose specified in the ballot title. For purposes of this subsection, existing funds means the actual operating expenditures for the calendar~~

~~year in which the ballot measure is approved by voters. Actual operating expenditures excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the taxing district receiving the services, and major nonrecurring capital expenditures.~~

~~(ii) The supplanting limitations in (b)(i) of this subsection do not apply to levies approved by the voters in calendar years 2009, 2010, 2011, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, in any county with a population of 1,500,000 or more. This subsection (2)(b)(ii) only applies to levies approved by the voters after July 26, 2009.~~

~~(iii) The supplanting limitations in (b)(i) of this subsection do not apply to levies approved by the voters in calendar year 2009 and thereafter in any county with a population less than 1,500,000. This subsection (2)(b)(iii) only applies to levies approved by the voters after July 26, 2009.~~

(3) After a levy authorized pursuant to this section is made, the dollar amount of such levy may not be used for the purpose of computing the limitations for subsequent levies provided for in this chapter, unless the ballot proposition expressly states that the levy made under this section will be used for this purpose.

(4) If expressly stated, a proposition placed before the voters under subsection (1) or (2) of this section may:

(a) Use the dollar amount of a levy under subsection (1) of this section, or the dollar amount of the final levy under subsection (2) of this section, for the purpose of computing the limitations for subsequent levies provided for in this chapter;

(b) Limit the period for which the increased levy is to be made under (a) of this subsection;

(c) Limit the purpose for which the increased levy is to be made under (a) of this subsection, but if the limited purpose includes making redemption payments on bonds;

(i) For the county in which the state capitol is located, the period for which the increased levies are made may not exceed 25 years; and

(ii) For districts other than a district under (c)(i) of this subsection, the period for which the increased levies are made may not exceed nine years;

(d) Set the levy or levies at a rate less than the maximum rate allowed for the district;

(e) Provide that the exemption authorized by RCW 84.36.381 will apply to the levy of any additional regular property taxes authorized by voters; or

(f) Include any combination of the conditions in this subsection.

(5) Except as otherwise expressly stated in an approved ballot measure under this section, subsequent levies shall be computed as if:

(a) The proposition under this section had not been approved; and

(b) The taxing district had made levies at the maximum rates which would otherwise have been allowed under this chapter during the years levies were made under the proposition.

[2021 c 296 § 14; 2018 c 46 § 3; 2017 c 296 § 2; 2009 c 551 § 3; 2008 c 319 § 1; 2007 c 380 § 2; 2003 1st sp.s. c 24 § 4; 1989 c 287 § 1; 1986 c 169 § 1; 1979 ex.s. c 218 § 3; 1973 1st ex.s. c 195 § 109; 1971 ex.s. c 288 § 24.]

NOTES:

Finding—Intent—Effective date—2021 c 296: See notes following RCW 82.14.310.

Intent—2018 c 46: See note following RCW 84.36.381.

Findings—2017 c 296: "The legislature finds government owned property is exempt from both property taxes and leasehold excise tax. The legislature further finds property tax exemptions lower the taxable assessed value within a district. The legislature further finds most of the state-owned

buildings in Washington, including the state capitol, are located in Thurston county. The legislature further finds this imposes a disproportional burden on taxpayers and Thurston county. It is the legislature's objective to mitigate this burden by providing Thurston county the ability to increase a bond levy for a longer period of time with a voter approved lid lift." [2017 c 296 § 1.]

Application—2017 c 296: "This act applies to taxes levied for collection in 2018 and thereafter." [2017 c 296 § 3.]

Application—2008 c 319: "This act applies prospectively only to levy lid lift ballot propositions under RCW 84.55.050 that receive voter approval on or after April 1, 2008." [2008 c 319 § 2.]

Effective date—2008 c 319: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 1, 2008]." [2008 c 319 § 3.]

Finding—Intent—Effective date—Severability—2003 1st sp.s. c 24: See notes following RCW 82.14.450.

Severability—Effective dates and termination dates—Construction—1973 1st ex.s. c 195: See notes following RCW 84.52.043.

Savings—Severability—1971 ex.s. c 288: See notes following RCW 84.40.030.

PDF RCW 84.55.060

Rate rules—Educational program—Other necessary action.

The department of revenue shall adopt rules relating to the calculation of tax rates and the limitation in RCW 84.55.010, conduct an educational program on this subject, and take any other action necessary to insure compliance with the statutes and rules on this subject.

[1979 ex.s. c 218 § 6.]

PDF RCW 84.55.070

Inapplicability of chapter to levies for certain purposes.

The provisions of this chapter do not apply to a levy, including any state levy, or that portion of a levy, made by or for a taxing district:

(1) For the purpose of funding a property tax refund paid under the provisions of chapter 84.68 RCW;

(2) Under RCW 84.69.180; or

(3) Attributable to amounts of state taxes withheld under RCW 84.56.290 or the provisions of chapter 84.69 RCW, or otherwise attributable to state taxes lawfully owing by reason of adjustments made under RCW 84.48.080.

[2017 3rd sp.s. c 13 § 308; 2009 c 350 § 11; 1982 1st ex.s. c 28 § 2; 1981 c 228 § 3.]

NOTES:

Application—Tax preference performance statement and expiration—2017 3rd sp.s. c 13 §§ 301-314: See notes following RCW 84.52.065.

Intent—2017 3rd sp.s. c 13: See note following RCW 28A.150.410.

Application—2009 c 350 §§ 10 and 11: See note following RCW 84.69.180.

Severability—1982 1st ex.s. c 28: See note following RCW 84.48.080.

RCW 84.55.092

Protection of future levy capacity.

(1) The regular property tax levy for each taxing district other than the state's levies may be set at the amount which would be allowed otherwise under this chapter if the regular property tax levy for the district for taxes due in prior years beginning with 1986 had been set at the full amount allowed under this chapter including any levy authorized under RCW 52.16.160 or 52.26.140(1)(c) that would have been imposed but for the limitation in RCW 52.18.065 or 52.26.240, applicable upon imposition of the benefit charge under chapter 52.18 or 52.26 RCW.

(2) The purpose of subsection (1) of this section is to remove the incentive for a taxing district to maintain its tax levy at the maximum level permitted under this chapter, and to protect the future levy capacity of a taxing district that reduces its tax levy below the level that it otherwise could impose under this chapter, by removing the adverse consequences to future levy capacities resulting from such levy reductions.

(3) Subsection (1) of this section does not apply to any portion of a city or town's regular property tax levy that has been reduced as part of the formation of a fire protection district under RCW 52.02.160.

[2017 3rd sp.s. c 13 § 309. Prior: 2017 c 328 § 3; 2017 c 196 § 3; 1998 c 16 § 3; 1988 c 274 § 4; 1986 c 107 § 3.]

NOTES:

Application—Tax preference performance statement and expiration—2017 3rd sp.s. c 13 §§ 301-314: See notes following RCW 84.52.065.

Intent—2017 3rd sp.s. c 13: See note following RCW 28A.150.410.

Application—2017 c 196 §§ 3 and 9-13: "Sections 3 and 9 through 13 of this act apply to property taxes levied for collection in 2018 and thereafter." [2017 c 196 § 18.]

Effective date—2017 c 196 §§ 1-9, 11, 13, and 14: See note following RCW 52.26.220.

Purpose—Severability—1988 c 274: See notes following RCW 84.52.010.

Severability—Construction—1986 c 107: See notes following RCW 39.67.010.

PDF RCW 84.55.100**Determination of limitations.**

The property tax limitation contained in this chapter shall be determined by the county assessors of the respective counties in accordance with the provisions of this chapter: PROVIDED, That the limitation for any state levy shall be determined by the department of revenue and the limitation for any intercounty rural library district shall be determined by the library district in consultation with the respective county assessors.

[1983 c 223 § 1.]

PDF RCW 84.55.110**Withdrawal of certain areas of a library district, metropolitan park district, fire protection district, or public hospital district—Calculation of taxes due.**

Whenever a withdrawal occurs under RCW 27.12.355, 35.61.360, 52.04.056, or 70.44.235, restrictions under chapter 84.55 RCW on the taxes due for the library district, metropolitan park district, fire protection district, or public hospital district, and restrictions under chapter 84.55 RCW on the taxes due for the city or town if an entire city or town area is withdrawn from a library district or fire protection district, shall be calculated as if the withdrawn area had not been part of the library district, metropolitan park district, fire protection district, or public hospital district, and as if the library district or fire protection district had not been part of the city or town.

[1987 c 138 § 6.]

PDF RCW 84.55.120**Public hearing—Taxing district's revenue sources—Adoption of tax increase by ordinance or resolution.**

(1) A taxing district, other than the state, that collects regular levies must hold a public hearing on revenue sources for the district's following year's current expense budget. The hearing must include consideration of possible increases in property tax revenues and must be held prior to the time the taxing district levies the taxes or makes the request to have the taxes levied. The county legislative authority, or the taxing district's governing body if the district is a city, town, or other type of district, must hold the hearing. For purposes of this section, "current expense budget" means that budget which is primarily funded by taxes and charges and reflects the provision of ongoing services. It does not mean the capital, enterprise, or special assessment budgets of cities, towns, counties, or special purpose districts.

(2) If the taxing district is otherwise required to hold a public hearing on its proposed regular tax levy, a single public hearing may be held on this matter.

(3)(a) Except as provided in (b) of this subsection (3), no increase in property tax revenue may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution may cover a period of up to two years, but the ordinance must specifically state for each year the dollar increase and percentage change in the levy from the previous year.

(b) Exempt from the requirements of (a) of this subsection are increases in revenue resulting from the addition of:

(i) New construction;

(ii) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

(iii) Improvements to property;

(iv) Any increase in the value of state-assessed property; and

(v) Any increase in the assessed value of real property, as that term is defined in RCW

39.114.010, within an increment area as designated by any local government in RCW **39.114.020** provided that such increase is not included elsewhere under this section. This subsection (3)(b)(v) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

[2021 c 207 § 11; 2014 c 4 § 5; 2006 c 184 § 6; 1997 c 3 § 209 (Referendum Bill No. 47, approved November 4, 1997); 1995 c 251 § 1.]

NOTES:

Application—2014 c 4: See note following RCW **84.55.010**.

Severability—Part headings not law—Referral to electorate—1997 c 3: See notes following RCW **84.40.030**.

RCW 84.55.125

Limitation adjustment for certain leasehold interests.

For taxes levied for collection in 2002, the limitation set forth in RCW **84.55.010** for a taxing district shall be increased by an amount equal to the aggregate assessed valuation of leasehold interests subject to tax by the district under RCW **84.40.410**, multiplied by the regular property tax levy rate of that district for the preceding year.

[2001 c 26 § 4.]

RCW 84.55.130

Inapplicability of limitation to certain multiyear levy periods by port districts.

(1) Except as provided in RCW **53.36.160**(3), RCW **84.55.010** does not apply to a levy under RCW **53.36.160**.

(2) For purposes of applying the provisions of this chapter, a levy by or for a port district under RCW **53.36.160**(3) must be treated in the same manner as a separate regular property tax levy made by or for a separate taxing district.

[2015 c 135 § 3.]

PDF RCW 84.55.135

Property tax levies or special assessments on dissolved special purpose districts —When authorized.

(1) Except as provided in subsection (2) of this section, if a county dissolves a special purpose district under chapter **36.96** RCW, the county may impose a separate property tax levy or special assessment on the property lying within the former boundaries of the dissolved special purpose district beginning in the first calendar year following dissolution if:

(a) The county assumes responsibility of the services previously provided by the special purpose district; and

(b) The property tax levy or special assessment does not exceed any legally authorized property tax levy rate or special assessment for the dissolved special purpose district.

(2) If a county discontinues providing the services of a dissolved special purpose district for which the county imposed a separate property tax levy or special assessment as provided in subsection (1) of this section, the county must cease imposing that property tax levy or special assessment beginning in the first calendar year after the discontinuation of the provision of services by the county.

(3) For purposes of RCW **84.52.010** and **84.52.043**, a property tax levy authorized by a county under this section is subject to the same provisions as the county's general property tax levy.

(4) The limitation in RCW **84.55.010** does not apply to the first property tax levy imposed under this section.

(5) For purposes of this section, "special assessment" means any special assessment, benefit assessment, or rates and charges imposed by a special purpose district.

[2020 c 179 § 6.]

Chapter 458-19 WAC
PROPERTY TAX LEVIES, RATES, AND LIMITS

Last Update: 12/21/23

WAC

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

458-19-015 Assessor to determine one hundred six percent levy limit—Exceptions. [Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-015, filed 3/14/94, effective 4/14/94.] Repealed by WSR 02-24-015, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230 (1).

WAC 458-19-005 Definitions. (1) **Introduction.** This rule contains definitions of the terms used throughout chapters 84.52 and 84.55 RCW and chapter 458-19 WAC in the administration of the system used to levy property taxes on taxable property within the state of Washington.

(2) Unless the context clearly requires otherwise, the following definitions apply:

(a) **"Annexation"** means one taxing district is adding territory or another dissimilar taxing district from outside the annexing taxing district's boundary and includes a merger of a portion of a fire protection district under chapter 52.06 RCW with another fire protection district.

(b) **"Assessed value"** means the value of taxable property placed on the assessment rolls. The term is often abbreviated with the initials "A.V."

(c) **"Certified property tax levy rate"** means the tax rate calculated by the county assessor in accordance with law to produce the lawful amount of the certified property tax levy.

(d) **"Consolidated levy rate"** means:

(i) For purposes of the statutory aggregate dollar rate levy limit, the sum of all regular levy rates set for collection, not including the rates for the state levy, ports, public utility districts, financing affordable housing under RCW 84.52.105, acquiring conservation futures under RCW 84.34.230, criminal justice purposes under RCW 84.52.135, emergency medical care or emergency medical services under RCW 84.52.069, county ferry districts under RCW 36.54.130, the portions of the fire protection and regional fire protection service authority levies protected under RCW 84.52.125, the portion of metropolitan park district levies protected under RCW 84.52.120, transit-related purposes under RCW 84.52.140, the protected portion of the levies

imposed under RCW 84.52.816 by flood control zone districts, and levies imposed by a regional transit authority under RCW 81.104.175; and

(ii) For purposes of the constitutional one percent limit, the sum of all regular levy rates set for collection, including the rates for the state levy, but not including the rates for port and public utility districts.

(e) **"Consolidation"** means the act of combining two or more similar taxing districts into one taxing district; for example, the combination of two fire protection districts into one fire protection district.

(f) **"Constitutional one percent limit"** means the levy limit established by Article VII, section 2 of the state Constitution, which prohibits the aggregate of all tax levies on real and personal property from exceeding one percent (\$10 per \$1,000) of the true and fair value of property. This limit does not apply to excess levies, levies by port districts, and levies by public utility districts. This limit is also set forth in RCW 84.52.050.

(g) **"Department"** means the department of revenue of the state of Washington.

(h) **"Excess property tax levy"** or **"excess levy"** means a voter-approved property tax levy by or for a taxing district, other than a port or public utility district, that is subject to neither the statutory aggregate dollar rate limit set forth in RCW 84.52.043 nor the constitutional one percent limit set forth in Article VII, section 2 of the state Constitution and in RCW 84.52.050. It does not include regular levies allowed to exceed the levy limit with voter approval.

(i) **"Improvement"** means any valuable change in or addition to real property, including the subdivision or segregation of parcels of real property or the merger of parcels of real property.

(j) **"Inflation"** means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the Federal Department of Commerce by September 25th of the year before the taxes are payable; see RCW 84.55.005.

(k) **"Joint taxing district"** means a taxing district that exists in two or more counties; the term does not include the state nor does it include an intercounty rural library district.

(l) **"Junior taxing district"** means a taxing district other than the state, a county, a county road district, a city, a town, a port district, or a public utility district.

(m) **"Levy limit"** means:

(i) The statutorily established limit that prohibits a taxing district, other than the state, from levying regular property taxes for a particular year that exceed the limit factor multiplied by the highest amount of regular property taxes that could have been lawfully levied in the taxing district in any year since 1985, excluding any increase due to (m)(i)(E) of this subsection, unless the highest levy was the statutory maximum rate amount, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year, or the last year the taxing district levied taxes, by the increase in assessed value in the taxing district resulting from:

(A) New construction;

(B) Improvements to property;

(C) Increases in the assessed value of state assessed property;

(D) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities

generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(E) Increases in assessed value of real property within an increment area designated by a local government pursuant to chapter 39.114 RCW, provided the increase is not included elsewhere in the levy limit calculation. This subsection does not apply to:

(I) Levies by the state;

(II) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(III) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(ii) For purposes of the levy limit, the phrase "highest amount of regular property taxes that could have been lawfully levied" means the maximum amount that could have been levied by a taxing district under the limitation set forth in chapter 84.55 RCW unless the highest amount that could have been levied was actually restricted by the taxing district's statutory dollar rate limit. If the taxing district's levy was restricted by the statutory dollar rate limit, the highest amount that could have been lawfully levied is the amount produced by multiplying the assessed value of the taxing district by the statutory dollar rate.

(iii) For purposes of the levy limit, the regular property tax levy rate of the district for the preceding year, or the last year the taxing district levied taxes, may reflect a reduced rate due to the \$5.90 statutory aggregate limitation and/or the constitutional one percent limitation, if prorating occurred in the district.

The regular property tax levy rate of the district for the preceding year may also reflect a levy error or a levy error correction. If this occurs, the rate used will be the rate had the levy error or levy error correction not occurred. RCW 84.52.085.

(iv) The levy limit for the state is the amount calculated under WAC 458-19-550.

(n) **"Levy rate"** means the dollar amount per thousand dollars of assessed value applied to taxable property within a taxing district and is calculated by dividing the total amount of a statutorily authorized levy of a taxing district by the total assessed value of that district and is expressed in dollars and cents per thousand dollars of assessed value.

(o) **"Limit factor"** means:

(i) For taxing districts with a population of less than 10,000 in the calendar year immediately prior to the assessment year, 101 percent;

(ii) For taxing districts, other than the state, having made a finding of substantial need in accordance with RCW 84.55.0101, the lesser of the substantial need factor or 101 percent;

(iii) For all other taxing districts, excluding the state, the lesser of 101 percent or 100 percent plus inflation; or

(iv) For the state, the limits described in WAC 458-19-550.

(p) **"New construction"** means the construction or alteration of any property for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits, which results in an increase in the value of the property.

(q) **"Regular property tax levy"** or **"regular levy"** means a property tax levy by or for a taxing district that is subject to the statu-

tory aggregate dollar rate limit set forth in RCW 84.52.043, the constitutional one percent limit set forth in RCW 84.52.050, or is a levy imposed by or for a port district or a public utility district.

(r) **"Regular property taxes"** means those taxes resulting from regular property tax levies.

(s) **"Senior taxing district"** means the state (for support of common schools), a county, a county road district, a city, or a town.

(t) **"Statutory aggregate dollar rate limit"** or **"statutory aggregate limit"** means the maximum aggregate regular property tax levy rate within a county established by law for senior and junior taxing districts, other than the state. The current limit is \$5.90 per \$1,000 of assessed valuation. See RCW 84.52.043 and WAC 458-19-070.

(u) **"Statutory dollar rate limit"** means the maximum regular property tax levy rate established by law for a particular type of taxing district.

(v) **"Substantial need limit factor"** means a limit factor approved by a taxing district's legislative authority that exceeds 100 percent plus inflation. This limit cannot exceed 101 percent.

(w) **"Super majority"** means a majority of at least three-fifths of the registered voters of a taxing district approving a proposition authorizing a levy, at which election the number of persons voting "yes" on the proposition constitutes three-fifths of a number equal to 40 percent of the total votes cast in the taxing district in the last preceding general election; or by a majority of at least three-fifths of the registered voters of the taxing district voting on the proposition when the number of registered voters voting on the proposition exceeds 40 percent of the total votes cast in the taxing district in the last preceding general election.

(x) **"Tax code area"** means a geographical area made up of one or more taxing districts, which is established for the purpose of properly calculating, collecting, and distributing taxes. Only one tax code area will have the same combination of taxing districts, with limited exceptions.

(y) **"Taxing district"** means the state and any county, city, town, port district, school district, road district, metropolitan park district, regional transit authority, water-sewer district, or other municipal corporation, having the power or legal authority to impose burdens upon property within the district on an ad valorem basis, for the purpose of obtaining revenue for public purposes, as distinguished from municipal corporations authorized to impose burdens, or for which burdens may be imposed for public purposes, on property in proportion to the increase in benefits received.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 22-04-023, § 458-19-005, filed 1/24/22, effective 2/24/22. Statutory Authority: RCW 84.52.0502 and 84.55.060. WSR 20-24-065, § 458-19-005, filed 11/24/20, effective 12/25/20; WSR 18-14-095, § 458-19-005, filed 7/3/18, effective 8/3/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-005, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.52.010, 84.52.043, and 84.52.0502. WSR 06-02-008, § 458-19-005, filed 12/22/05, effective 1/22/06. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-005, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-005, filed 3/14/94, effective 4/14/94.]

WAC 458-19-010 Levy limit and levy rate calculations. (1) **Introduction.** This rule explains two of the basic steps in the levy setting process. First, who determines the levy limit for all taxing districts and second, who calculates the levy rate for the various taxing districts.

(2) **Who determines the levy limit?** The assessor generally determines the levy limit for all taxing districts levying regular property taxes. However, the levy limit for joint taxing districts, intercounty rural library districts, and the state is determined as follows:

(a) Joint taxing districts. The levy limit for joint taxing districts is determined by the assessor of the county in which the greatest amount of assessed value of the joint taxing district is located;

(b) Intercounty rural library districts. The levy limit for intercounty rural library districts is determined by the board of trustees of the intercounty rural library district in consultation with the assessors of the counties served by the district; and

(c) State levy. The levy limit for the state is determined by the department. Additional information regarding the levy limit for the state can be found in WAC 458-19-550.

(3) **Who sets levy rates?** The assessor generally calculates the property tax levy rate necessary to collect the amount of taxes levied by or for each taxing district, including the state, within the limitations provided by law. However, the levy rate for joint taxing districts and intercounty rural library districts is calculated as follows:

(a) Joint taxing districts. The assessor of the county in which the greatest amount of assessed value of the joint taxing district is located calculates the levy rate; and

(b) Intercounty rural library districts. The board of trustees of an intercounty rural library district calculates the levy rate for the intercounty rural library district in consultation with the assessors of the counties served by the district and certifies that rate to the respective county legislative authorities.

[Statutory Authority: RCW 84.52.0502 and 84.55.060. WSR 18-14-095, § 458-19-010, filed 7/3/18, effective 8/3/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-010, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-010, filed 3/14/94, effective 4/14/94.]

WAC 458-19-020 Levy limit—Method of calculation. (1) **Introduction.** This rule explains the general method used to calculate the levy limit for regular property tax levies for taxing districts, other than the state, in accordance with RCW 84.55.092 and 84.55.120. Except for the state levy, the same method is generally used to calculate the amount of regular property taxes that can be levied by a taxing district in any year. This rule also describes what occurs when a taxing district makes a finding of substantial need in accordance with RCW 84.55.0101 to use a limit factor in excess of 100 percent plus inflation. This rule does not attempt to include all special circumstances, such as the reduction in the levy limit for cities and towns that form a fire protection district under RCW 52.02.160, which may affect the applicable limit under chapter 84.55 RCW.

(2) Increase in tax revenues - Ordinance or resolution required.

The following describes the ordinance or resolution required by taxing districts when requesting increases in tax revenues.

(a) Except by holding a public hearing and adopting an ordinance or resolution, no taxing district, other than the state, may authorize an increase in property tax revenue, other than one resulting from an increase in assessed value of the district attributable to:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property within an increment area designated by a local government pursuant to chapter 39.114 RCW, provided the increase is not included elsewhere in the levy limit calculation. This subsection (2)(a)(v) does not apply to:

(A) Levies by the state;

(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(b) The ordinance or resolution may cover a period of up to two years, but the ordinance or resolution must specifically state for each year the dollar increase and percentage change in the levy from the previous year. The dollar increase and percentage change should reflect everything included in the levy limit and should not reflect anything excluded under chapter 84.55 RCW (such as, but not limited to, a levy for property tax refunds paid under the provisions of chapter 84.68 or 84.69 RCW).

(c) 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 as calculated in subsection (3) of this rule.

(d) Upon making a finding of substantial need to increase its levy by an amount greater than the rate of inflation, the legislative authority of a taxing district may adopt a second ordinance or resolution establishing a limit factor greater than 100 percent plus inflation. But the substantial need limit factor can never exceed 101 percent.

(i) In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution supporting a substantial need to increase the limit factor.

(ii) In districts with more than four members, a majority plus one must approve an ordinance or resolution supporting a substantial need to increase the limit factor.

(3) Calculation of levy limit for all taxing districts other than the state. The amount of regular property taxes that can be levied by a taxing district, other than the state, in any year is limited to an amount that will not exceed the amount resulting from the following calculation, except as otherwise provided by statute:

(a) 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, excluding any increase due to (b)(v) of

this subsection, unless the highest levy was the statutory maximum rate amount, plus;

(b) A dollar amount calculated by multiplying the regular property tax levy rate of the district for the preceding year, or the last year the taxing district levied taxes, by the increase in assessed value of the district resulting from:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property within an increment area designated by a local government pursuant to chapter 39.114 RCW, provided the increase is not included elsewhere in the levy limit calculation. This subsection (3)(b)(v) does not apply to:

(A) Levies by the state;

(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(4) **Calculation of levy limit for the state levy.** The levy limit for the state is calculated according to WAC 458-19-550.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 22-04-023, § 458-19-020, filed 1/24/22, effective 2/24/22. Statutory Authority: RCW 84.52.0502 and 84.55.060. WSR 18-14-095, § 458-19-020, filed 7/3/18, effective 8/3/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-020, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-020, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-020, filed 3/14/94, effective 4/14/94.]

WAC 458-19-025 Restoration of regular levy. (1) Introduction.

This rule explains how a taxing district restores a regular property tax levy if it has not levied for the last seven calendar years and it elects to restore a regular property tax levy in accordance with RCW 84.55.015.

(2) Calculation of restored regular levy.

(a) If a taxing district has not levied for the last seven calendar years and it elects to restore a regular property tax levy, then the amount of the first restored levy must result in a tax rate that does not exceed the statutory rate limit applicable to the taxing district's regular property tax levy; or

(b) If a taxing district has not levied for the last six or fewer calendar years and elects to restore a regular property tax levy, then the first restored levy must not exceed the maximum levy amount allowed by the levy limit that would have been imposed had the taxing district continuously levied.

(3) **Example.** Taxing district "A" has not levied a regular levy in over 20 years when it levied \$10,000 based upon 1999 assessed values and all lawful limitations at that time. Because taxing district "A" has not levied regular property taxes in more than seven calendar years, its first restored levy may not exceed the statutory maximum dollar rate limit applicable to taxing district "A," multiplied by taxing district's "A" total assessed value.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 24-02-017, § 458-19-025, filed 12/21/23, effective 1/21/24. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-025, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-025, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-025, filed 3/14/94, effective 4/14/94.]

WAC 458-19-030 Levy limit—Consolidation of districts. (1) **Introduction.** This rule describes the method used to calculate the first levy for a taxing district created by the consolidation of similar taxing districts in accordance with RCW 84.55.020.

(2) **Calculation of the first levy of a consolidated taxing district.** The first regular property tax levy made by a taxing district, created by the consolidation of two or more similar taxing districts, cannot exceed:

(a) The sum of the product of the limit factor multiplied by the amount of regular property taxes each component taxing district could have levied under RCW 84.55.092; plus

(b) The sum of each of the amounts calculated by multiplying the regular property tax levy rate of each of the component districts for the preceding year by the increase in assessed value in each component district resulting from:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under RCW 84.55.020 for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government under RCW 39.114.020 if the increase is not included elsewhere under RCW 84.55.020. This subsection (2)(b)(v) does not apply to:

(A) Levies by the state;

(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(3) **Example.** Taxing district "A" and taxing district "B" consolidate, becoming one taxing district. The highest amount of regular property taxes district "A" could have levied under RCW 84.55.092 is \$100,000. The highest amount of regular property taxes district "B"

could have levied under RCW 84.55.092 is \$150,000. The increase in assessed value due to amounts from subsection (2)(b)(i) through (v) of this rule in district "A" since the year prior to consolidation was \$600,000. The increase in assessed value due to amounts from subsection (2)(b)(i) through (v) of this rule in district "B" since the year prior to consolidation was \$900,000. The regular property tax rate for district "A" in the year prior to consolidation was \$0.50 per \$1,000 of assessed value. The regular property tax rate for district "B" in the year prior to consolidation was \$0.45 per \$1,000 of assessed value. Assume the limit factor for this example is 101 percent because it is the lesser of 101 percent and 100 percent plus the rate of inflation. The maximum amount of regular property taxes that can be levied in the year of consolidation, for taxes payable the following year, by the new consolidated taxing district is calculated as follows:

Highest regular levy	
District "A" -	\$100,000
District "B" -	150,000
Total -	\$250,000
x 1.01 = \$252,500	
Increases in assessed value multiplied by levy rate:	
District "A" - \$600,000 x \$0.50 ÷ \$1,000	= \$300
District "B" - \$900,000 x \$0.45 ÷ \$1,000	= \$405
	<u>\$705</u>

Maximum regular property taxes that can be levied in the year of consolidation, payable in the year following consolidation:

$$\$252,500 + \$705 = \$253,205$$

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 23-23-067, § 458-19-030, filed 11/9/23, effective 12/10/23. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-030, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-030, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-030, filed 3/14/94, effective 4/14/94.]

WAC 458-19-035 Levy limit—Annexation. (1) Introduction. One taxing district may annex territory or another dissimilar taxing district from outside the annexing taxing district's boundary. This rule sets forth the method used to calculate the first regular property tax levy made after a taxing district has annexed territory or a dissimilar taxing district in accordance with RCW 84.55.030 and 84.55.110. This rule also explains what occurs when the department of natural resources (DNR) discontinues forest fire patrol assessments on parcels of forest land.

(2) Increase in territory due to annexation. The first regular property tax levy of a taxing district after it annexes territory or a dissimilar taxing district cannot exceed the amount calculated as follows:

(a) Multiply the highest amount of regular property taxes that could have been lawfully levied since 1985 for 1986 collection, of the

annexing district as though no annexation had occurred, by the limit factor as defined in RCW 84.55.005 and WAC 458-19-005;

(b) Multiply the regular property tax levy rate of the annexing district for the preceding year by the increase in assessed value in the annexing district resulting from:

(i) New construction;
(ii) Improvements to property;
(iii) Increases in the assessed value of state assessed property;
(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government in RCW 39.114.020 if the increase is not included elsewhere under RCW 84.55.030. This subsection (2) (b) (v) does not apply to:

(A) Levies by the state;
(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and
(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(c) Multiply the current year assessed value of the annexed territory or district by the levy rate that would have been used for the current year by the annexing district had there been no annexation. To calculate the levy rate that would have been used for the current year by the annexing district, divide the regular levy limit of the annexing district by the current assessed value of the annexing district, excluding the annexed area.

(d) Add together the amounts from each calculation in subsection (2) (a), (b), and (c) of this rule to determine the maximum amount of the first regular levy of a taxing district after annexation.

(3) **Example.** Taxing district "A" annexes a portion of taxing district "B" that takes effect before August 1st in 2026. The highest amount of regular property taxes that could have been levied by district "A" since 1985 for 1986 collection is \$100,000. The increase in assessed value from 2025 to 2026 in district "A" due to amounts from subsection (2) (b) (i) through (v) of this rule is \$700,000. The levy rate for district "A" for 2025 was \$0.50 per \$1,000 of assessed value. The 2026 levy rate for district "A," had there been no annexation, would have been \$0.48 per \$1,000 of assessed value. The 2026 assessed value of the portion of taxing district "B" that was annexed by taxing district "A" is \$5,000,000, which includes amounts from subsection (2) (b) (i) through (v) of this rule. Assume the levy limit for this example is 101 percent because it is the lesser of 101 percent and 100 percent plus the rate of inflation. The first regular levy by taxing district "A" after annexation cannot exceed the amount calculated as follows:

District "A" highest levy since 1985 -	\$100,000
	x 1.01
	<hr/>
	\$101,000
A.V. of new construction* in district "A" -	\$700,000
District "A" levy rate for 2025 -	x 0.50
	<hr/>
	\$350,000

Divide by \$1,000 -	÷ 1,000
Levy amount for new construction -	\$350
2026 A.V. of annexed portion of district "B" -	\$5,000,000
District "A" levy rate that would have been used in 2026, absent annexation -	x 0.48
	\$2,400,000
Divide by \$1,000 -	÷ 1,000
Levy amount for annexed part of district "B" -	\$2,400
	\$101,000
	350
	+ 2,400
Maximum levy amount for district "A" after annexation -	\$103,750

* For purposes of this example, "new construction" includes amounts from subsection (2)(b)(i) through (v) of this rule.

(4) **Loss of territory due to annexation.** When a taxing district loses a portion of its territory as a result of annexation to another district, the levy limit for the taxing district that loses part of its territory is calculated by multiplying the highest amount that could have been lawfully levied by that taxing district since 1985 for 1986 collection by the limit factor as defined in RCW 84.55.005 and WAC 458-19-005. However, only the increase in assessed value from the preceding year, attributable to amounts from subsection (2)(b)(i) through (v) of this rule that occurred in the remaining territory of the taxing district is added to the amount determined, to calculate the levy limit. Except for voter approval of an excess levy, the levy rate cannot exceed the statutory dollar rate limit for that type of taxing district.

(5) **Forest fire patrol protection assessments discontinued by DNR - Effect.** If an owner of forest land within a forest protection zone neglects or fails to provide adequate fire protection as required by RCW 76.04.600, DNR will provide this protection and impose an annual assessment on each parcel of forest land in accordance with RCW 76.04.610. When DNR discontinues the forest fire patrol assessment by dissolving the forest protection assessment areas and an existing fire district assumes protection services and property tax levying authority for this unimproved land within its existing boundaries, the assessed value of the fire district will increase and effectively be an annexation for property tax purposes. In order to be included in the assessed value of the fire district, all details of the dissolution and annexation must be completed and the county assessor's office must receive formal notice from the fire district and DNR prior to August 1st of the assessment year. This notice must specify the forest fire patrol assessment areas being dissolved, the fire district(s) assuming the levying and fire protection responsibilities, and the forest land impacted by the change.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 23-23-067, § 458-19-035, filed 11/9/23, effective 12/10/23. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-035, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-035, filed 11/25/02, effective

12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-035, filed 3/14/94, effective 4/14/94.]

WAC 458-19-040 Levy limit—Newly formed taxing district. (1)

Introduction. This rule explains how the levy limit is determined for any taxing district that is created by means other than by consolidation or annexation.

(2) RCW 84.55.035 specifically states that the first regular levy made by a newly formed taxing district created other than by consolidation or annexation is not subject to the levy limit set forth in chapter 84.55 RCW. The newly formed taxing district may levy up to the lesser of the statutory dollar rate limit for that class of district, or the amount approved by the voters when the district was formed, subject to the statutory aggregate dollar rate limit and the constitutional one percent limit. The second regular levy by the district and all subsequent regular levies are subject to the levy limit or, if applicable, the limit described in WAC 458-19-025 regarding the restoration of a regular property tax levy.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-040, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-040, filed 3/14/94, effective 4/14/94.]

WAC 458-19-045 Levy limit—Removal of limit (lid lift). (1) Introduction. This rule explains the procedures for implementing a lid lift ballot measure when a taxing district wants to ask its voters for the authority to exceed the levy limit.

(2) **Definitions.** The definitions in WAC 458-19-005 apply to this rule.

(3) **Lid lift - Purpose.** The purpose of a lid lift is to allow additional property taxes to be collected at a time when the levy limit in chapter 84.55 RCW is the effective legal constraint to increasing property taxes. A levy limit may be exceeded when authorized by a majority of the voters voting on a proposition to "lift the lid" of the levy limit as described in RCW 84.55.050. This "lid lift" is intended to allow the levy limit to be exceeded for the levy made immediately following the vote on the proposition. Lid lifts may result in increasing the limit factor, as defined in WAC 458-19-005, for one year or up to six consecutive years. The result of the limit factor increase can temporarily or permanently impact subsequent levy limit calculations.

(4) **Election for approval of lid lift proposition - When held.** The election to approve a lid lift proposition must be held within the taxing district and may be held at the time of a general election, or at a special election called by the governing body of the taxing district for that purpose. The election must not be held more than twelve months prior to the date the proposed levy is to be made. For purposes of this rule, a levy is "made" when the taxing district's budget is certified. The ballot title and measure proposing the lid lift are prepared by the county prosecutor or city attorney, as applicable, in accordance with RCW 29A.36.071. RCW 29A.36.071 requires a ballot title to include a concise description of the measure, not to exceed 75

words. The requirements for the text of a ballot title and measure differ depending on whether the levy limit will be exceeded for a single year or multiple years, up to six consecutive years. A simple majority vote is required for approval of a lid lift.

(5) **Single year lid lift.** A single year lid lift allows a taxing district to increase its levy by more than one percent over its highest lawful levy since 1985 for 1986 collection, for one year.

(6) **Ballot title and measure - Single year lid lift.** The text of a ballot title and measure for a single year lid lift must contain the following:

(a) The dollar rate of the proposed levy so that it reflects the total dollar rate for the taxing district, which may be less than the maximum statutory dollar rate allowed for the particular class of taxing district; and

(b) Any of the following conditions that are applicable:

(i) The number of years the increased levy is to be made by the taxing district; however, if one of the purposes of the increased levy is to make redemption payments on bonds of the taxing district, the duration of the increased levy cannot exceed nine years, except for taxes levied for collection in 2018 and thereafter in Thurston County, the period for which the increased levies are made may not exceed 25 years;

(ii) The purpose or purposes of the increased levy;

(iii) Whether the dollar amount of the increased levy will be used for the purpose of computing the limitations for subsequent levies and thereby permanently increase the taxing district's levy base; and

(iv) Whether the increase in regular property taxes by a county or city resulting from the approval of the lid lift will not apply to property exempt under the senior citizens and disabled persons property tax exemption in RCW 84.36.381.

(7) **Multiple year lid lift.** A multiple year lid lift allows a taxing district to increase its levy by more than one percent over its highest lawful levy since 1985 for 1986 collection, for up to six consecutive years.

(a) Ballot title and measure. The text of a ballot title and measure for a multiple year lid lift must contain the following:

(i) The dollar rate of the first year's proposed levy so that it reflects the total dollar rate for the taxing district, which may be less than the maximum statutory dollar rate allowed for the particular class of taxing district;

(ii) The limit factor, or specific index used to determine the limit factor (such as the consumer price index), which is not required to be the same for all years, by which the regular tax levy for the district may be increased in each of the subsequent consecutive years;

(iii) The limited purposes for which the proposed annual increases will be used; and

(iv) Any of the following conditions that are applicable:

(A) The number of years the increased levy is to be made by the taxing district; however, if one of the purposes of the increased levy is to make redemption payments on bonds of the taxing district, the duration of the increased levy cannot exceed nine years, except for taxes levied for collection in 2018 and thereafter in Thurston County, the period for which the increased levies are made may not exceed 25 years;

(B) The purpose or purposes of the increased levy;

(C) Whether the dollar amount of the increased levy will be used for the purpose of computing the limitations for subsequent levies and thereby permanently increase the taxing district's levy base; and

(D) Whether the increase in regular property taxes by a county or city resulting from the approval of the lid lift will not apply to property exempt under the senior citizens and disabled persons property tax exemption in RCW 84.36.381.

(b) Supplanting of existing funds.

(i) Except as otherwise provided in (b) of this subsection, funds raised by a levy under this rule may not supplant existing funds used for the limited purpose specified in the ballot title. For purposes of (b) of this subsection, existing funds means the actual operating expenditures for the calendar year in which the ballot measure is approved by voters. Actual operating expenditures excludes:

(A) Lost federal funds;

(B) Lost or expired state grants or loans;

(C) Extraordinary events not likely to reoccur;

(D) Changes in contract provisions beyond the control of the taxing district receiving the services; and

(E) Major nonrecurring capital expenditures.

(ii) In counties with a population of less than \$1,500,000, funds raised through a lid lift can be used to supplant existing funds beginning with levies submitted and approved by the voters after July 26, 2009.

(iii) In counties with a population of 1,500,000 or more, funds raised through a lid lift can be used to supplant existing funds if the levy was approved by the voters after July 26, 2009, and in one of the following calendar years; 2009, 2010, 2011, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022.

(8) **Permanent lid lift.** A permanent lid lift occurs when the ballot title and measure expressly state that the levy will be used for the purpose of computing the limitations for subsequent levies as provided in subsections (6)(b)(iii) and (7)(a)(iv)(C) of this rule. Approval of a permanent lid lift permanently increases the base used to calculate the levy limit.

(a) First levy after voter approval. The first regular levy of a taxing district made after voter approval of a permanent lid lift proposition is calculated on the basis of the dollar rate stated in the ballot title. The dollar rate is subject to the constitutional one percent limit, the statutory aggregate dollar rate limit, and any applicable prorationing.

(b) Subsequent levies. The levy limit on regular levies of a taxing district made subsequent to the first regular levy made after voter approval of a permanent lid lift proposition is calculated by multiplying the highest amount that could have been lawfully levied since 1985 for 1986 collection, including the dollar amount of the regular levy calculated in (a) of this subsection, by the limit factor.

(9) **Temporary lid lift.** If the ballot title and measure do not expressly indicate that the final levy will be used for the purpose of computing subsequent levies, the levy increase is temporary.

(a) First levy after voter approval. The first regular levy of a taxing district made after voter approval of a temporary lid lift proposition is calculated on the basis of the dollar rate stated in the ballot title. The dollar rate is subject to the constitutional one percent limit, the statutory aggregate dollar rate limit, and any applicable prorationing.

(b) Subsequent levies. The levy limit on regular levies of a taxing district made subsequent to the first regular levy made after voter approval of a temporary lid lift proposition is calculated by multiplying the highest amount that could have been lawfully levied since 1985 for 1986 collection, including the dollar amount of the regular levy calculated in (a) of this subsection, by the limit factor.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.55.060 and 84.55.050. WSR 21-23-063, § 458-19-045, filed 11/12/21, effective 12/13/21. Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 18-24-104, § 458-19-045, filed 12/4/18, effective 1/4/19. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 18-05-013, § 458-19-045, filed 2/8/18, effective 3/11/18; WSR 14-14-023, § 458-19-045, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-045, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-045, filed 3/14/94, effective 4/14/94.]

WAC 458-19-050 Port district levies. (1) **Introduction.** This rule describes certain port district levies and their respective limitations. Discussions on port district levies authorized under RCW 53.36.100 and 53.36.160 for industrial development district purposes are in WAC 458-19-05001.

Other rules that may apply. Readers may also want to refer to the following rules for additional information:

- (a) WAC 458-19-005 Definitions.
- (b) WAC 458-19-010 Levy limit and levy rate calculations.
- (c) WAC 458-19-020 Levy limit—Method of calculation.
- (d) WAC 458-19-05001 Port district levies for industrial development district purposes.

(2) **Definitions.** For purposes of this rule, the definitions in WAC 458-19-005 apply.

(3) **Limitations upon regular property tax levies; exceptions.**

(a) As set forth in RCW 84.04.140, all port district levies discussed in this rule are regular property tax levies regardless of whether they are voter-approved levies. As such, they are generally subject to the levy limit as described in subsection (7) of this rule, unless otherwise specified.

(b) Port district levies are not subject to either the statutory aggregate dollar rate limit set forth in RCW 84.52.043 or the constitutional one percent limit set forth in RCW 84.52.050.

(4) **Levy for general port purposes.** Port districts may annually levy taxes for general port purposes, including the establishment of a capital improvement fund for future capital improvements. This levy cannot exceed the levy rate of forty-five cents per thousand dollars of assessed value of the port district. RCW 53.36.020 authorizes this levy without voter approval.

(5) **Levy for bond repayment.** Port districts may levy taxes for the purpose of paying the principal and interest on any general bonded indebtedness of the port district. RCW 53.36.020 authorizes this levy, in excess of any port levy that is subject to the forty-five cent levy rate limitation in subsection (4) of this rule. Even though the levy

for bond repayment is not subject to any statutory aggregate dollar rate limit, the limitations in RCW 53.36.030 on the amount of indebtedness that a port district may incur by contract or borrowing do apply.

(6) **Levy for dredging, canal construction, or land leveling or filling purposes.** Port districts may annually levy taxes for dredging, canal construction, or land leveling or filling purposes, and the proceeds of any such levy must be used exclusively for these purposes. This levy cannot exceed the levy rate of forty-five cents per thousand dollars of assessed value of the port district. RCW 53.36.070 requires that this levy must be authorized each year by a majority of the voters of the district voting on whether to make such a levy, submitted at an election held under RCW 29A.04.330.

(7) **Calculation of the levy limit for port districts.** The levies described in subsections (4), (5), and (6) of this rule are subject to the levy limit. For purposes of calculating the levy limit, the dollar amount of those levies are combined and the levy limit is calculated as provided in WAC 458-19-020.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, 34.05.230 and chapters 84.52 and 84.55 RCW. WSR 18-11-054, § 458-19-050, filed 5/10/18, effective 6/10/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-050, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-050, filed 3/14/94, effective 4/14/94.]

WAC 458-19-05001 Port district levies for industrial development district purposes. (1) **Introduction.** Port districts may annually levy for industrial development district (IDD) purposes when they have adopted a comprehensive scheme of harbor improvements and industrial development. Levies for IDD purposes are treated as though they are separate regular property tax levies made by or for a separate taxing district. This rule describes these port district levies for IDD purposes, authorized in RCW 53.36.100 and 53.36.160.

(a) **Other rules that may apply.** Readers may also want to refer to the following rules for additional information:

- (i) WAC 458-19-005 Definitions.
- (ii) WAC 458-19-010 Levy limit and levy rate calculations.
- (iii) WAC 458-19-020 Levy limit—Method of calculation.
- (iv) WAC 458-19-050 Port district levies.

(b) **Examples.** This rule contains examples; each example identifies a number of assumed facts and then states a conclusion. The examples should only be used as a general guide. The results of other situations must be determined after a review of all the facts and circumstances.

(2) **Organization of rule.** This rule has two parts:

- (a) Part I - IDD levy under RCW 53.36.100.
- (b) Part II - Multiyear IDD levies under RCW 53.36.160.

(3) **Definitions.** For purposes of this rule, the definitions in WAC 458-19-005 apply. In addition, "base year" means the year prior to the first collection year in a first or second multiyear IDD levy period.

(4) **Limitations upon regular property tax levies; exception.**

(a) As set forth in RCW 84.04.140, all port district levies discussed in this rule are regular property tax levies regardless of whether they are voter-approved levies. As such, they are generally subject to the levy limit, unless otherwise specified.

(b) Port district levies are not subject to either the statutory aggregate dollar rate limit set forth in RCW 84.52.043 or the constitutional one percent limit set forth in RCW 84.52.050.

Part I - IDD levies under RCW 53.36.100

(101) **Levy periods.** A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may impose up to three periods of six IDD levies. The levy periods do not have to be continuous, but they may not overlap. The six IDD levies in a levy period do not have to be continuous, but may not overlap.

(a) **First IDD levy period.** The first IDD levy period does not require voter approval.

(b) **Second IDD levy period.** The port commission must publish their intention to make an additional period of six IDD levies in a newspaper by June 1st of the year in which the first levy of this period will be made. Voter approval to make this levy is only required if a petition with eight percent of the voters' signatures of the district is submitted to the county auditor within ninety days of the date of notice in the newspaper. If voter approval is required, a majority of the voters must approve this levy.

(c) **Third IDD levy period.** Port districts in a county bordering the Pacific Ocean may request voter approval to make a third period of six IDD levies. This levy period requires a simple majority voter approval.

(102) **Forty-five cent levy rate limitation.** This levy cannot exceed the levy rate of forty-five cents per thousand dollars of assessed value of the port district specified in RCW 53.36.100(1).

(103) **Levy limit calculation.** Except for the first levy in each period, the IDD levies are subject to the levy limit in chapter 84.55 RCW. Refer to WAC 458-19-020 for more information about the levy limit calculation. County assessors must calculate the levy limit every calendar year until there has been six levies in each period. County assessors must use the levy rate from the last year in which there is an IDD levy when calculating increases to the authorized levy amount due to new construction, wind turbine/solar/biomass/geothermal facility construction, improvements to property, and any increase in the value of state-assessed property (collectively "new construction increases").

(104) **Effective period.**

(a) RCW 53.36.100 applies to a port district that has initiated one or more IDD levy periods before tax year 2016.

(b) RCW 53.36.100 is repealed effective January 1, 2026, and port districts are prohibited from levying taxes under this repealed provision for collection in 2026 and after.

(c) A port district authorized under RCW 53.36.100 may continue to levy under this provision, so long as no collection occurs in 2026 and after.

Part II - Multiyear IDD levies under RCW 53.36.160

(201) **Multiyear levy periods.** A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may impose up to three periods of multiyear IDD levies. The multiyear levy periods do not have to be continuous, but they may not

overlap. Except as otherwise provided, a multiyear levy period may not exceed twenty years from the date the first levy is made in the period.

(a) **First multiyear IDD levy period.** A port district must adopt a resolution during the base year approving the use of the first multiyear IDD levy period.

(b) **Second multiyear IDD levy period.**

(i) A port district must adopt a resolution during the base year approving the use of the second multiyear IDD levy period.

(ii) A port district must publish notice of the intention to impose a second multiyear IDD levy period. The port commission must publish their intention to make this levy in one or more newspapers of general circulation within the district, by April 1st of the base year of this second multiyear levy period.

(iii) A petition containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, may be filed with the county auditor within ninety days of the date of the port commission's publication. The county auditor then has two weeks to certify to the port commission the sufficiency of the signatures in accordance with RCW 29A.72.230. Once certified, the proposition to impose the levies in this second multiyear levy period is subject to voter's approval in a special election, no later than the date on which a primary election would be held under RCW 29A.04.311. The levies may proceed only if a majority of voters of the port district voting on this proposition approves it.

(c) **Third multiyear IDD levy period.** A county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improvements and industrial developments may seek a simple majority voter approval to impose up to six levies in a six-year period for the third multiyear levy period.

(202) **Forty-five cent levy rate limitation.** RCW 53.36.160 (1) and (3) provide that no levy in any period may exceed forty-five cents per thousand dollars of assessed value of the port district.

(203) **Levy limit calculation.**

(a) RCW 84.55.130 provides that the levy limit under RCW 84.55.010 does not apply to a district's first or second multiyear levy period. The levy limit under RCW 84.55.010 only applies to the third multiyear levy period's years two through six.

(b) Instead, the first and second multiyear levy periods have a limit on the aggregate revenue amount that the period may collect. The aggregate revenue amount for each multiyear levy period may not exceed the maximum allowable amount that could have been collected under RCW 84.55.010 for the first six collection years of the period. This means that:

(i) County assessors must calculate the levy limit for each of the first six calendar years of the period as if the port district were levying;

(ii) County assessors must use the levy rate from the last year in which there is an IDD levy when calculating increases to the authorized levy amount due to new construction increases; there would be no new construction increases in the first year. See subsection (203)(d) of this rule below for examples of aggregate revenue limit calculations.

(c) For purposes of this section (203), the levy limit in RCW 84.55.010 is calculated in accordance with RCW 84.55.092, and any oth-

er applicable provisions in chapter 84.55 RCW, and subject to the forty-five cent levy rate limitation. See WAC 458-19-020.

(d) **Examples.** Some numbers in the examples are rounded for ease of illustration.

(i) Example 1. Assume a qualifying port district has a base year of \$1,000,000,000 assessed value, with approximately four percent increase annually. There are new construction increases in years four and five. The maximum allowable amount that could have been levied under RCW 84.55.010 for the first six collection years of the levy period is computed as follows:

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
(A)	Assessed value (AV)	\$1,040,000,000	\$1,082,000,000	\$1,125,000,000	\$1,170,000,000	\$1,217,000,000	\$1,266,000,000
(B)	Highest prior lawful levy	n/a	\$468,000	\$472,680	\$477,407	\$486,381	\$494,245
(C)	(B) + 1% growth	n/a	\$472,680	\$477,407	\$482,181	\$491,245	\$499,187
(D)	Statutory max, @ 45¢/ \$1,000 AV	\$468,000	\$486,900	\$506,250	\$526,500	\$547,650	\$569,700
(E)	New construction increases	n/a	\$0	\$0	\$10,000,000	\$7,500,000	\$0
(F)	Multiply (E) by prior year levy rate	n/a*	\$0	\$0	\$4,200	\$3,000	\$0
(G)	Levy limit: Lesser of (C) and (D), plus (F); and not exceeding (D)	\$468,000	\$472,680	\$477,407	\$486,381	\$494,245	\$499,187
(H)	Regular property tax levy rate: (G) divided by (A)	44¢	44¢	42¢	42¢	41¢	39¢

* There has been no IDD levy yet, so there would not be any new construction increases for the first IDD levy year.

The aggregate revenue amount for the period is the sum of the levy limits (row G), which is \$2,897,900. A port district may collect this aggregate revenue amount for the levy period in at most twenty levies within twenty years from, and including, the first year.

(ii) Example 2. Assume a qualifying port district has a base year of \$2,200,000,000 assessed value, with fluctuating increases/decreases over the course of the six years. There are new construction increases in years three and six. The maximum allowable amount that could have been levied under RCW 84.55.010 for the first six collection years of the levy period is computed as follows:

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
(A)	Assessed value (AV)	\$2,500,000,000	\$2,000,000,000	\$1,400,000,000	\$1,800,000,000	\$2,300,000,000	\$2,800,000,000
(B)	Highest prior lawful levy	n/a	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000
(C)	(B) + 1% growth	n/a	\$1,136,250	\$1,136,250	\$1,136,250	\$1,136,250	\$1,136,250
(D)	Statutory max, @ 45¢/ \$1,000 AV	\$1,125,000	\$900,000	\$630,000	\$810,000	\$1,035,000	\$1,260,000
(E)	New construction increases	n/a*	\$0	\$100,000,000	\$0	\$0	\$800,000,000
(F)	Multiply (E) by prior year levy rate	n/a	\$0	\$45,000	\$0	\$0	\$360,000
(G)	Levy limit: Lesser of (C) and (D), plus (F); and not exceeding (D)	\$1,125,000	\$900,000	\$630,000	\$810,000	\$1,035,000	\$1,260,000
(H)	Regular property tax levy rate: (G) divided by (A)	45¢	45¢	45¢	45¢	45¢	45¢

* There has been no IDD levy yet, so there would not be any new construction increases for the first IDD levy year.

The aggregate revenue amount for the period is the sum of the levy limits (row G), which is \$5,760,000. A port district may collect this aggregate revenue amount in up to twenty levies for the period.

(204) **Effective period.**

(a) RCW 53.36.160, authorizing multiyear IDD levies, is effective for IDD levy period that begins in 2016 and after.

(b) A port district that has levied the tax authorized under RCW 53.36.100 (see Part I of this rule) may not levy a tax authorized under RCW 53.36.160 (see Part II of this rule) except as follows:

If a Port District Levied Under RCW 53.36.100:	Then the Port District May Levy Under RCW 53.36.160:
IDD Levy Period	IDD Levy Period
At least one levy in the first period is collected in 2015 or prior	Second and third levy periods
At least one levy in the second period is collected in 2015 or prior	Third levy period

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, 34.05.230 and chapters 84.52 and 84.55 RCW. WSR 18-11-054, § 458-19-05001, filed 5/10/18, effective 6/10/18.]

WAC 458-19-055 Levy limit—Proration of earmarked funds. (1)

Introduction. Certain taxing districts are authorized to make "earmarked" levies for specific purposes. An "earmarked levy" is not a taxing district in and of itself; the levy is included within, or is in addition to, the general regular levy made by a taxing district. Because these levies are generally placed within a taxing district treasury as a separately identified fund, they are often referred to as "earmarked funds." A taxing district is either directed by statute to levy or is authorized by statute to levy, but is not required to levy, for these earmarked funds; that is, some of the underlying statutes are mandatory while others are permissive in nature. This rule only discusses those taxing districts with the statutory authority to reduce their earmarked levies from their budgeted levy amount when they are up against the levy limit contained in chapter 84.55 RCW.

(2) **Reduction of earmarked funds when regular levy affected.** Cities having a regularly organized full-time, paid, fire department may levy an additional amount for a firemen's pension fund under RCW 41.16.060. Counties are required to annually levy amounts for the developmental disabilities or mental health services fund under RCW 71.20.110 and for veterans' assistance fund under RCW 73.08.080. Each of these earmarked levies may be reduced if the taxing district's general regular levy is restricted by the levy limit contained in chapter 84.55 RCW. If a reduction is necessary, the earmarked levy may be reduced from its budgeted levy amount in the same proportion as the district's general levy is reduced from its budgeted amount.

(3) **Modification of county earmarked funds when regular levy affected.** The budgeted amount for an earmarked levy may be modified by the county legislative authority as provided in this subsection. For the purposes of this subsection, refund levies are not included within the general county property tax levy.

(a) If the general county property tax levy is reduced from the preceding year's levy, funding for the earmarked levies may be reduced by no more than the same percentage as the general county property tax levy was reduced from the preceding year's levy;

(b)(i) If the general county property tax levy is increased from the preceding year's levy, funding for the developmental disabilities

and mental health services fund must be increased by at least the same percentage as the general county property tax levy was increased from the preceding year's levy; however, funding does not need to be increased for the portion of a voter-approved levy increase that is dedicated to a specific purpose;

(ii) If the general county property tax levy is increased from the preceding year's levy, funding for the veterans' assistance fund cannot be less than the base allocation (the most recent allocation that was not reduced when collections exceed expectations per RCW 73.08.080(2)) increased by the same percentage as the general county property tax levy was increased from the preceding year's levy; however, funding does not need to be increased for the portion of a voter-approved levy increase that is dedicated to a specific purpose; or

(c) If the general county property tax levy is unchanged from the preceding year's levy, funding for the programs must equal or exceed the previous year's funding.

(4) Nothing in this section precludes a county from increasing funding for the programs to an amount that is greater than the change in the regular county levy.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, 84.55.060. WSR 14-14-023, § 458-19-055, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-055, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-055, filed 3/14/94, effective 4/14/94.]

WAC 458-19-060 Emergency medical service levy. (1) Introduction. This rule explains the criteria described in RCW 84.52.069 regarding a taxing district imposing a limited or permanent regular levy for emergency medical care or emergency medical services. This rule also describes the duration of this levy, the ballot title and measure that must be presented to and approved by the voters, the maximum levy rate, and the applicable levy limits.

Definitions. The definitions in WAC 458-19-005 apply to this rule.

(2) Purpose - Voter approval required - Who may levy. An emergency medical service (EMS) levy is a regular voter approved levy. Any taxes collected from this levy can only be used to provide emergency medical care or emergency medical services, including related personnel costs, training for such personnel and related equipment, supplies, vehicles, and structures needed to provide this care or service.

(a) Initial approval of EMS levy. A permanent EMS levy, or the initial imposition of a six-year or 10-year EMS levy must be approved by a super majority of registered voters at a general or special election. However, if an area comprising a newly formed regional fire protection service authority was subject to an EMS levy immediately prior to the creation of the authority, the initial imposition of a six-year or 10-year EMS levy may be approved by a majority of the registered voters who approved the creation of the authority and the related service plan.

(b) Subsequent approval of EMS levy. The subsequent approval of a six-year or 10-year EMS levy only requires the authorization of a majority of the registered voters at a general or special election. Only

a county, emergency medical service district, city, town, public hospital district, urban emergency medical service district, regional fire protection service authority, or fire protection district is authorized to impose an EMS levy.

(3) **Duration - Maximum levy rate.** An EMS levy is imposed each year for six consecutive years, each year for 10 consecutive years, or permanently. Except as provided in subsection (11) of this rule, a taxing district may impose an EMS levy in an amount that cannot exceed 50 cents per \$1,000 of assessed value of the property in the taxing district.

(4) **Contents of ballot title and measure.** Any ballot title and measure seeking authorization of an EMS levy must conform to the requirements of RCW 29A.36.210. A taxing district cannot submit to the voters, at the same election, multiple propositions to impose an EMS levy under RCW 84.52.069. If the approved ballot title and measure did not authorize the maximum allowable levy rate (50 cents per \$1,000 of assessed value) for the EMS levy, any future proposition to increase the rate up to the maximum allowable levy rate must be specifically authorized by voters at a general or special election. Therefore, a taxing district may impose an EMS levy rate up to, but no greater than, the rate in the approved ballot measure without obtaining additional voter approval. The ballot title and measure authorizing a taxing district to impose:

(a) An EMS levy for a limited duration must state the name of the taxing district, the maximum levy rate per \$1,000 of assessed value to be imposed, and the maximum number of years the levy is allowed; or

(b) A permanent EMS levy must state the name of the taxing district and the maximum levy rate per \$1,000 of assessed value to be permanently imposed. A ballot title for this type of levy must include wording to indicate that it is a permanent EMS levy. A taxing district that seeks to impose a permanent levy must also provide for a referendum procedure to apply to the ordinance or resolution imposing the tax. For additional information regarding the referendum procedures, see RCW 84.52.069.

(5) **County-wide EMS levy.** A county-wide EMS levy proposal cannot be placed on the ballot without first obtaining the approval from the legislative authority of a majority of at least 75 percent of all cities within the county having a population exceeding 50,000. No other taxing district within the county may hold an election on a proposed EMS levy at the same time as the election on a proposed county-wide EMS levy. To the extent feasible, emergency medical care and services must be provided throughout the county whenever the county levies an EMS levy.

(6) **Additional requirements.** When a county levies an EMS levy, the following conditions apply:

(a) Other taxing districts within the county authorized to levy an EMS levy may do so, but only if the taxing district's EMS levy rate does not exceed the difference between the county's EMS levy rate and 50 cents per \$1,000 of assessed value of the property in the taxing district;

(b) If a taxing district within the county levies an EMS levy and the voters of the county subsequently approve a county-wide EMS levy, then the taxing district must reduce its EMS levy rate so the combined EMS levy rate of the county and the taxing district does not exceed 50 cents per \$1,000 of assessed value of the property in the taxing district;

(c) A taxing district within a county having an EMS levy of limited duration that was authorized by the voters subsequent to a county-wide EMS levy of limited duration, will expire at the same time as the county EMS levy; and

(d) A fire protection district having annexed an area described in subsection (11) of this rule may levy the maximum amount of tax allowed, taking into consideration any limitations in this subsection.

(7) **EMS levy of a taxing district other than a county.** When a taxing district levies an EMS levy within the county, only the county may, at the same time, levy an EMS levy within the boundaries of that taxing district; all other taxing districts are prohibited from levying an EMS levy within that taxing district's boundaries while it collects an EMS levy.

(a) If a regional fire protection service authority imposes an EMS levy under this rule, no other taxing district that is a participating fire protection jurisdiction in the regional fire protection service authority may impose an EMS levy under this rule.

(b) For purposes of this subsection, a "participating fire protection jurisdiction" means a fire protection district, city, town, Indian tribe, or port district that is represented on the governing board of a regional fire protection service authority.

(8) **Constitutional one percent limit.** An EMS levy is subject to the constitutional one percent limit for regular property taxes. If a reduction of the rate of an EMS levy is required because this limit is exceeded, it is reduced according to RCW 84.52.010 and WAC 458-19-075.

(9) **Statutory aggregate dollar rate limit.** An EMS levy is not subject to the statutory aggregate dollar rate limit of \$5.90 per \$1,000 of assessed value as described in RCW 84.52.043.

(10) **Applicability of limit factor to EMS levy.** The EMS levy is calculated separately from any other levies made by the taxing district for purposes of calculating the levy limit.

(a) The first year an EMS levy is made following voter approval, the levy limit in chapter 84.55 RCW does not apply.

(b) In the second year, the EMS levy cannot exceed the limit factor multiplied by the highest amount of regular property taxes that could have lawfully been levied since the voters last approved the levy, plus an additional amount calculated by multiplying the regular property tax levy rate of the district from the preceding year by the increase in assessed value in the taxing district resulting from:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property within an increment area designated by a local government pursuant to chapter 39.114 RCW, provided the increase is not included elsewhere in the levy limit calculation. This subsection (10)(b)(v) does not apply to:

(A) Levies by the state;

(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(c) In the third year, and thereafter, the EMS levy limit is calculated according to WAC 458-19-005 (2)(m).

(11) **County boundaries.** For purposes of imposing an EMS levy, the boundary of a county with a population greater than 1,500,000 does not include the area of the county that is located within a city that has a boundary in two counties. This only applies if the locally assessed value of all property in the area of the city within the county having a population greater than 1,500,000 is less than \$250,000,000.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 22-04-023, § 458-19-060, filed 1/24/22, effective 2/24/22. WSR 18-24-104, § 458-19-060, filed 12/4/18, effective 1/4/19. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-060, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, 84.55.060. WSR 14-14-023, § 458-19-060, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-060, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-060, filed 3/14/94, effective 4/14/94.]

WAC 458-19-065 Levy limit—Protection of future levy capacity.

(1) **Introduction.** This rule explains what occurs when a taxing district levies taxes in an amount less than the maximum allowed under the levy limit for any year and how future levies of the district will be calculated.

(2) **Use of maximum lawful levy amount.** In any year when a taxing district, other than the state, levies taxes in an amount less than the maximum amount allowed by the levy limit, whether voluntarily or as a result of the operation of the statutory aggregate dollar rate limit or constitutional one percent 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.

(3) **Examples.** These examples do not include any amounts for new construction, improvements to property, increases in the assessed value of state assessed property, increases in the assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, or increases in assessed value of real property within an increment area designated by a local government pursuant to chapter 39.114 RCW.

(a) In 2022, the highest amount of regular property taxes that could have been lawfully levied by taxing district "A" as restricted by the levy limit was \$100,000. But in 2022 taxing district "A" was otherwise limited by the statutory aggregate dollar rate limit to a maximum levy of \$95,000. The levy limit for the 2023 levy will be calculated on the basis of what could have been the highest levy amount since 1985, which is \$100,000 multiplied by the limit factor. The amount actually levied in 2022 is not controlling.

(b) Using the same basic facts from the previous example, if the levy amount of district "A" had been limited by the statutory dollar rate limit in 2022 to \$95,000, and \$95,000 was the highest amount of

regular property taxes that could have been lawfully levied since 1985, then the levy limit for 2023 will be calculated on the basis of \$95,000, that is \$95,000 multiplied by the limit factor.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 22-04-023, § 458-19-065, filed 1/24/22, effective 2/24/22. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-065, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-065, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-065, filed 3/14/94, effective 4/14/94.]

WAC 458-19-070 Five dollars and ninety cents statutory aggregate dollar rate limit calculation. (1) **Introduction.** This rule describes the process used to reduce or eliminate a levy rate when the assessor finds the statutory aggregate dollar rate limit exceeds \$5.90. The aggregate of all regular levy rates of junior taxing districts and senior taxing districts, other than the state and other specifically identified districts, cannot exceed \$5.90 per \$1,000 of assessed value in accordance with RCW 84.52.043. When the county assessor finds that this limit has been exceeded, the assessor recalculates the levy rates and establishes a new consolidated levy rate as described in RCW 84.52.010. The \$5.90 statutory aggregate dollar rate limit is reviewed before the constitutional one percent limit.

(2) **Levies not subject to statutory aggregate dollar rate limit.** The following levies are not subject to the statutory aggregate dollar rate limit of \$5.90 per \$1,000 of assessed value:

- (a) Levies by the state;
- (b) Levies by or for port or public utility districts;
- (c) Excess property tax levies authorized in Article VII, section 2 of the state Constitution;
- (d) Levies by or for county ferry districts under RCW 36.54.130;
- (e) Levies for acquiring conservation futures under RCW 84.34.230;
- (f) Levies for emergency medical care or emergency medical services under RCW 84.52.069;
- (g) Levies for financing affordable housing under RCW 84.52.105;
- (h) The portion of metropolitan park district levies protected under RCW 84.52.120;
- (i) The portions of levies by fire protection districts and regional fire protection service authorities protected under RCW 84.52.125;
- (j) Levies for criminal justice purposes under RCW 84.52.135;
- (k) Levies for transit-related purposes by a county under RCW 84.52.140;
- (l) The protected portion of the levies imposed under RCW 84.52.816 by flood control zone districts;
- (m) Levies imposed by a regional transit authority under RCW 81.104.175;
- (n) Levies imposed under RCW 36.69.145, by a park and recreation district located on an island and within a county with a population exceeding 2,000,000, for collection in calendar years 2022 through 2026; and

(o) The portion of any levy resulting from the correction of a levy error under RCW 84.52.085(3).

(3) **Consolidated levy rate limitation.** RCW 84.52.010 explains the order in which the regular levies of taxing districts will be reduced or eliminated by the assessor to comply with the statutory aggregate dollar rate limit of \$5.90 per \$1,000 of assessed value. The order in the statute lists which taxing districts are the first to either reduce or eliminate their levy rate. Taxing districts that are at the same level are grouped together in tiers. Reductions or eliminations in levy rates are made on a pro rata basis within each tier of taxing district levies until the consolidated levy rate no longer exceeds the statutory aggregate dollar rate limit of \$5.90.

As opposed to the order in RCW 84.52.010, which lists the taxing districts that are the first to have their levy rates reduced or eliminated, this rule is written in reverse order; that is, it lists the taxing districts that must be first either fully or partially funded. If the statutory aggregate dollar rate is exceeded, then the levy rates for taxing districts within a particular tier must be reduced or eliminated on a pro rata basis. The proration factor, which is multiplied by each levy rate within the tier, is obtained by dividing the dollar rate remaining available to the taxing districts in that tier as a group by the sum of the levy rates originally certified by or for all of the taxing districts within the tier.

(a) Step one: Total the aggregate regular levy rates requested by all affected taxing districts in the tax code area. If this total is less than \$5.90 per \$1,000 of assessed value, no levy rate reduction or elimination is necessary. If this total levy rate is more than \$5.90, the assessor must proceed through the following steps until the aggregate dollar rate is brought within that limit.

(b) Step two: Subtract from \$5.90 the levy rates of the county, including the rate of any separate property tax levy as described in RCW 84.55.135, and the county road district if the tax code area includes an unincorporated portion of the county, or the levy rates of the county and the city or town if the tax code area includes an incorporated area, as applicable.

(c) Step three: Subtract from the remaining levy capacity the levy rates, if any, for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140 (1)(a), library districts under RCW 27.12.050 and 27.12.150, the first 50 cents per \$1,000 of assessed value for metropolitan park districts created before January 1, 2002, under RCW 35.61.210, and the first 50 cents per \$1,000 of assessed value for public hospital districts under RCW 70.44.060(6).

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step four.

(d) Step four: Subtract from the remaining levy capacity the levy rates, if any, for fire protection districts under RCW 52.16.140 and 52.16.160, and regional fire protection service authorities under RCW

52.26.140 (1)(b) and (c). However, under RCW 84.52.125, a fire protection district or regional fire protection service authority may protect up to 25 cents per \$1,000 of assessed value of the total levies made under RCW 52.16.140 and 52.16.160, or 52.26.140 (1)(b) and (c) from reduction or elimination.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. It is at this point that the provisions of RCW 84.52.125 come into play; that is, a fire protection district or regional fire protection service authority may protect up to 25 cents per \$1,000 of assessed value of the total levies made under RCW 52.16.140 and 52.16.160, or 52.26.140 (1)(b) and (c) from reduction or elimination under RCW 84.52.043(2), if the total levies would otherwise be reduced or eliminated under RCW 84.52.010 (3)(a)(iii) with respect to the \$5.90 per \$1,000 of assessed value limit. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step five.

(e) Step five: Subtract from the remaining levy capacity the levy rate, if any, for the first 50 cents per \$1,000 of assessed value of metropolitan park districts created on or after January 1, 2002, under RCW 35.61.210.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step six.

(f) Step six: Subtract from the remaining levy capacity the 25 cent per \$1,000 of assessed value levy rate for metropolitan park districts if it is not protected under RCW 84.52.120, the 25 cent per \$1,000 of assessed value levy rate for public hospital districts under RCW 70.44.060(6), and the levy rates, if any, for cemetery districts under RCW 68.52.310 and all other junior taxing districts if those levies are not listed in steps three through five or seven or eight of this subsection.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step seven.

(g) Step seven: Subtract from the remaining levy capacity the levy rate, if any, for flood control zone districts other than the portion of a levy protected under RCW 84.52.816.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step eight.

(h) Step eight: Subtract from the remaining levy capacity the levy rates, if any, for city transportation authorities under RCW 35.95A.100, park and recreation service areas under RCW 36.68.525, park and recreation districts under RCW 36.69.145, except a park and recreation district described in subsection (2)(n) of this rule, and cultural arts, stadium, and convention districts under RCW 67.38.130.

(i) If the balance is zero, there is no remaining levy capacity for other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step nine.

(i) Step nine: Subtract from the remaining levy capacity the levy imposed, if any, for cultural access programs under RCW 36.160.080 until the remaining levy capacity equals zero.

(4) **Example.**

DISTRICT	ORIGINAL LEVY RATE	PRORATION FACTOR	FINAL LEVY RATE	REMAINING LEVY CAPACITY
County	1.8000	NONE	1.8000	1.850
County Road	2.2500	NONE	2.2500	
Library	.5000	NONE	.5000	.350
Fire	.5000	NONE	.5000	
Hospital	.5000	NONE	.5000	
Fire	.2000	NONE	.2000	.150
Cemetery	.1125	.4138	.0466	
Hospital	.2500	.4138	.1034	
Totals	6.1125		5.90	

(a) Beginning with the limit of \$5.90, subtract the original certified levy rates for the county and county road taxing districts leaving \$1.85 available for the remaining districts.

(b) Subtract the total of the levy rates for each district within the next tier: The library's \$.50, the fire district's \$.50 and the hospital's \$.50 = \$1.50, which leaves \$.35 available for the remaining districts.

(c) Subtract the fire district's additional \$.20 levy rate, which leaves \$.15 available for the remaining districts.

(d) The remaining \$.15 must be shared by the cemetery and the hospital districts within the next tier of levies. The cemetery district originally sought to levy \$.1125 and the hospital district sought to levy \$.25. The proration factor is arrived at by dividing the amount available (\$.15) by the original levy rates (\$.3625) requested within that tier resulting in a proration factor of .4138. Finally, the original levy rates in this tier of \$.1125 and \$.25 for the cemetery and hospital, respectively, are multiplied by the proration factor.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 24-02-017, § 458-19-070, filed 12/21/23, effective 1/21/24; WSR 22-04-023, § 458-19-070, filed 1/24/22, effective 2/24/22. Statutory Authority: RCW 84.52.0502 and 84.55.060. WSR 20-24-065, § 458-19-070, filed 11/24/20, effective 12/25/20. Statutory Authority: RCW 84.08.010, 84.08.070, 84.36.389, 84.52.0502, and 84.55.060. WSR 18-04-006, § 458-19-070, filed 1/25/18, effective 2/25/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.52.0502, and 84.55.010. WSR 16-02-126, § 458-19-070, filed 1/6/16, effective 2/6/16. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, 84.55.060. WSR 14-14-023, § 458-19-070, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.070, 84.34.141, 84.36.865, 84.52.0502. WSR 09-19-010, § 458-19-070, filed 9/3/09, effective 10/4/09. Statutory Authority: RCW 84.52.010, 84.52.043, and 84.52.0502. WSR 06-02-008, § 458-19-070, filed 12/22/05, effective 1/22/06. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-070, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-070, filed 3/14/94, effective 4/14/94.]

WAC 458-19-075 Constitutional one percent limit calculation.

(1) **Introduction.** This rule explains how to determine if the constitutional one percent limit is being exceeded and the sequence in which levy rates will be reduced or eliminated in accordance with RCW 84.52.010 if the constitutional one percent limit is exceeded. The constitutional one percent calculation is made after the assessor ensures that the \$5.90 statutory aggregate dollar rate limit is not exceeded. The total amount of all regular property tax levies that can be applied against taxable property is limited to one percent of the true and fair value of the property in money. The one percent limit is stated in Article VII, section 2 of the state Constitution and the enabling statute, RCW 84.52.050. The constitutional one percent limit is based on the amount of taxes actually levied on the true and fair value of the property, not the dollar rate used in calculating property taxes.

(2) **Preliminary calculations.** After reducing or eliminating the levy rates under RCW 84.52.043 (the \$5.90 statutory aggregate dollar rate limit) has occurred, make the following calculations to determine if the constitutional one percent limit is being exceeded:

(a) First, add together all regular levy rates in the tax code area, including the rates for the state levy, but not the rates for port and public utility districts, to arrive at a combined levy rate for that tax code area. "Regular levy rates" in this context means the levy rates that remain after reduction or elimination under RCW 84.52.043 has occurred. The levy rates for port and public utility

districts are not included in this calculation because they are not subject to the constitutional one percent limit.

(b) Second, divide \$10 by the higher of the real or personal property ratio of the county for the assessment year in which the levy is made to determine the maximum effective levy rate. If the combined levy rate exceeds the maximum effective levy rate, then the individual levy rates must be reduced or eliminated until the combined levy rate is equal to the maximum effective levy rate.

(3) **Constitutional one percent limit.** RCW 84.52.010 provides the order in which levy rates are to be reduced or eliminated when the constitutional one percent limit is exceeded.

As opposed to the order in RCW 84.52.010, which lists the taxing districts that are the first to have their levy rates reduced or eliminated, this rule is written in reverse order; that is, it lists the taxing districts that must be first either fully or partially funded. If the constitutional one percent limit is exceeded, then the levy rates for taxing districts within a particular tier must be reduced or eliminated on a pro rata basis.

If the constitutional one percent limit is exceeded after performing the preliminary calculations described in subsection (2) of this rule, the following levies must be reduced or eliminated until the combined levy rate no longer exceeds the maximum effective levy rate:

(a) Step one: Subtract the aggregate levy rate calculated for the state for the support of common schools from the effective rate limit.

(b) Step two: Subtract the levy rates for the county, including the rate of any separate property tax levy as described in RCW 84.55.135, county road district, regional transit authority, and for city or town purposes.

(c) Step three: Subtract from the remaining levy capacity the levy rates for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140 (1)(a), library districts under RCW 27.12.050 and 27.12.150, the first 50 cents per \$1,000 of assessed value for metropolitan park districts created before January 1, 2002, under RCW 35.61.210, and the first 50 cents per \$1,000 of assessed value for public hospital districts under RCW 70.44.060(6).

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis from the remaining balance in step two until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step four.

(d) Step four: Subtract from the remaining levy capacity the levy rates for fire protection districts under RCW 52.16.140 and 52.16.160, and regional fire protection service authorities under RCW 52.26.140 (1)(b) and (c).

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis from the remaining bal-

ance in step three until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step five.

(e) Step five: Subtract from the remaining levy capacity the levy rate for the first 50 cents per \$1,000 of assessed value of metropolitan park districts created on or after January 1, 2002, under RCW 35.61.210.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step four. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step six.

(f) Step six: Subtract from the remaining levy capacity the levy rates for all other junior taxing districts if those levies are not listed in steps three through five or steps seven through 18 of this subsection.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis to the remaining balance in step five until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step seven.

(g) Step seven: Subtract from the remaining levy capacity the levy rate for flood control zone districts other than the portion of a levy protected under RCW 84.52.816.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step six. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step eight.

(h) Step eight: Subtract from the remaining levy capacity the levy rates for city transportation authorities under RCW 35.95A.100, park and recreation service areas under RCW 36.68.525, park and recreation districts under RCW 36.69.145, except a park and recreation district located on an island and within a county with a population exceeding 2,000,000, and cultural arts, stadium, and convention districts under RCW 67.38.130.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis from the remaining balance in step seven until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step nine.

(i) Step nine: Subtract from the remaining levy capacity the levy imposed, if any, for cultural access programs under RCW 36.160.080.

(i) If the balance is zero, there is no remaining levy capacity from any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, the levy is reduced to the remaining balance in step eight. There is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed to step 10.

(j) Step 10: Subtract from the remaining levy capacity the levy rate for the first 30 cents per \$1,000 for emergency medical care or emergency medical services under RCW 84.52.069.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step nine. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 11.

(k) Step 11: Subtract from the remaining levy capacity the levy rates for levies used for acquiring conservation futures under RCW 84.34.230, financing affordable housing under RCW 84.52.105, and any portion of a levy rate for emergency medical care or emergency medical services under RCW 84.52.069 in excess of 30 cents per \$1,000 of assessed value.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levies within this tier must be reduced on a pro rata basis from the remaining balance in step 10 until the balance is zero. After prorationing, there is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 12.

(l) Step 12: Subtract from the remaining levy capacity the levies imposed under RCW 36.69.145 for a park and recreation district located on an island and within a county with a population exceeding 2,000,000.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the portion of the levy within this tier must be reduced to the remaining balance in step 11. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 13.

(m) Step 13: Subtract from the remaining levy capacity the portion of the levy by a metropolitan park district with a population of 150,000 or more that is protected under RCW 84.52.120.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the portion of the levy within this tier must be reduced to the remaining balance in step 12. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 14.

(n) Step 14: Subtract from the remaining levy capacity the levy rates for county ferry districts under RCW 36.54.130.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step 13. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 15.

(o) Step 15: Subtract from the remaining levy capacity the levy rate for criminal justice purposes imposed under RCW 84.52.135.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step 14. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 16.

(p) Step 16: Subtract from the remaining levy capacity the levy rate for a fire protection district or regional fire protection service authority protected under RCW 84.52.125.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the portion of the levy within this tier must be reduced to the remaining balance in step 15. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 17.

(q) Step 17: Subtract from the remaining levy capacity the levy rate for transit-related purposes by a county under RCW 84.52.140.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step 16. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 18.

(r) Step 18: Subtract from the remaining levy capacity the protected portion of the levy imposed under RCW 84.52.816 by a flood control zone district until the remaining levy capacity equals zero.

(i) If the balance is zero, there is no remaining levy capacity for any other junior taxing districts at a lower tier and their levies, if any, must be eliminated.

(ii) If the balance is less than zero, then the levy is reduced to the remaining balance in step 17. There is no remaining levy capacity for any other junior taxing district at a lower tier and their levies, if any, must be eliminated.

(iii) If the remaining balance is greater than zero, this amount is available to the remaining junior taxing districts at a lower tier and the assessor should proceed on to step 19.

(s) Step 19: Subtract from the remaining levy capacity any portion of a levy resulting from the correction of a levy error under RCW 84.52.085(3) until the remaining levy capacity equals zero.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 24-02-017, § 458-19-075, filed 12/21/23, effective 1/21/24; WSR 22-04-023, § 458-19-075, filed 1/24/22, effective 2/24/22. Statutory Authority: RCW 84.52.0502 and 84.55.060. WSR 20-24-065, § 458-19-075, filed 11/24/20, effective 12/25/20. Statutory Authority: RCW 84.08.010, 84.08.070, 84.36.389, 84.52.0502, and 84.55.060. WSR 18-04-006, § 458-19-075, filed 1/25/18, effective 2/25/18. Statutory Authority: RCW 84.08.010, 84.08.070, 84.52.0502, and 84.55.010. WSR 16-02-126, § 458-19-075, filed 1/6/16, effective 2/6/16. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, 84.55.060. WSR 14-14-023, § 458-19-075, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.070, 84.34.141, 84.36.865, 84.52.0502. WSR 09-19-010, § 458-19-075, filed 9/3/09, effective 10/4/09. Statutory Authority: RCW 84.52.010, 84.52.043, and 84.52.0502. WSR 06-02-008, § 458-19-075, filed 12/22/05, effective 1/22/06. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-075, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-075, filed 3/14/94, effective 4/14/94.]

WAC 458-19-080 City annexed by fire protection and/or library districts. (1) **Introduction.** When a city or town is annexed to a fire protection and/or a library district, the city or town is entitled un-

der RCW 52.04.081 and 27.12.390 to levy up to three dollars and sixty cents per thousand dollars of assessed value less the regular levy made by the fire protection and/or library district. However, the limitations upon regular property taxes imposed by chapter 84.55 RCW are still applicable. This rule explains how the first levy following annexation is calculated, how the levy limit is calculated, and the order of any prorationing that may be required.

(2) The assessor will calculate the first levy following annexation as follows:

(a) Calculate the levy and rate for the fire protection and/or library district, including the assessed value of the annexed city or town; and

(b) Subtract the fire protection and/or library district levy rate from the statutory rate (\$3.60 per \$1,000 A.V.) of the city or town. The resulting rate is the maximum levy rate for the city or town even if the fire and/or library district rate is later reduced as a result of prorationing under RCW 84.52.010 to prevent the consolidated levy rate from exceeding the statutory aggregate dollar rate limit or the constitutional one percent limit.

(3) **Levy limit calculation.** The levy limit for the city or town is calculated independently of the calculation performed in subsection (2) of this rule.

(4) **Subtraction of fire protection or library district levy rate.** The fire protection and/or library district levy rate is subtracted from the city or town statutory levy rate before any prorated reduction under RCW 84.52.010.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-080, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-080, filed 3/14/94, effective 4/14/94.]

WAC 458-19-085 Refunds—Procedures—Applicable limits. (1) **Introduction.** Chapters 84.68 and 84.69 RCW both set out procedures and conditions under which property taxes are refunded. This rule explains the differences between the types of refunds authorized under each chapter, the procedures related to the refunds, and the effect the refunds have on levy limits and the levy setting process in general.

(2) **Court ordered refunds under chapter 84.68 RCW - County tax refund fund levy.** Any person who believes that the taxes levied against their property are unlawful or excessive may pay the taxes under protest, setting forth all the grounds upon which the tax is claimed to be unlawful or excessive, and bring an action in superior court or in any federal court of competent jurisdiction against the state, county, or municipality. RCW 84.68.020. If the court determines that the taxes were indeed unlawful or excessive, it will enter a judgment in favor of the taxpayer who paid the tax under protest and determine the amount to be refunded to the taxpayer. When such a judgment is entered, the law provides a specific procedure for refunding the money to the taxpayer in RCW 84.68.030 and for taxing districts to generate the moneys to be refunded in RCW 84.68.040. Any and all taxing districts that were levying taxes against the property at the time for which a refund is directed by court order under RCW 84.68.020 must levy, or have levied for them, an amount for the county tax refund

fund. The county tax refund fund levy is a regular levy that is subject to all the applicable levy limitations provided in law for regular levies. However, the law specifically exempts a refund fund levy from the levy limit set forth in RCW 84.55.010.

(a) Method used to make refunds. When a court judgment is entered in favor of a taxpayer, RCW 84.68.030 states that the refund is to be paid via warrants drawn against the "county tax refund fund." If, at the time the judgment is entered, there are no moneys in that fund, then the warrants bear interest and are "callable under such conditions as are provided by law for county warrants."

(b) Process used to generate funds for the county tax refund fund. RCW 84.68.040 provides that as part of the annual levying of taxes for county purposes, the county is required to make and enter a tax levy or levies for the county tax refund fund. The purpose of the refund fund levy is to produce moneys to be deposited into a fund from which a taxpayer, who paid taxes that were later adjudged to be unlawful or excessive, can be repaid, without unduly affecting the operating funds of the taxing districts. This levy has precedence over all other tax levies for county and/or taxing district purposes.

(c) Who makes and enters the tax levies for the refund fund levy? Officers of local taxing districts, the county legislative authority, the county assessor, and any other person or entity that would normally be involved in the levy making process are required to make and enter the refund fund levy. However, if a taxing district is required to levy for the county tax refund fund and fails to do so, or if a taxing district is required to levy for the county tax refund fund and does not have a regular nonvoted levy, then the county legislative authority levies the tax for or on behalf of the district, the assessor sets the rate, and the treasurer collects the tax.

(d) What limitations apply to the county tax refund fund levy? There are four basic levy limitations that need to be taken into consideration: The levy limit set forth in RCW 84.55.010; the constitutional (Article VII, section 2) and statutory (RCW 84.52.010) one percent limit; the statutory dollar rate limit for the various taxing districts; and the aggregate dollar rate limit contained in RCW 84.52.043.

(i) The levy limit set forth in RCW 84.55.010 does not apply to the county tax refund fund levy, regardless of which taxing district is involved (see RCW 84.55.070). Therefore, a taxing district(s) can levy the amount to be refunded even if that amount will cause the total levy of the taxing district to exceed the levy limit. For example, a court orders County A to refund \$10,000 to a Taxpayer. The proper county officials in County A must determine what portion of the \$10,000 is attributable to Taxing District No. 1. For purposes of this example, Taxing District No. 1 owes the Taxpayer \$1,000. Taxing District No. 1's levy last year was \$30,000. Without considering new construction, improvements to property, increases in the assessed value of state assessed property, and increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, the levy for this year under the levy limit would be \$30,300. However, Taxing District No. 1's levy for this year, including the refund fund levy, can be \$31,300.

(ii) The constitutional one percent limit, the statutory dollar rate limit, and the aggregate dollar rate limit apply to any refund fund levy. Consequently, any refund fund levy must be contained within the maximum dollar rate authorized by law for any taxing district. For example, if under the levy limit, the county current expense levy rate

is \$1.80/\$1,000 and the refund fund levy rate is \$0.10/\$1,000 A.V., then only \$1.70 may go to the current expense fund. Similarly, if the current expense levy rate, as limited by the levy limit, is \$1.50/\$1,000 A.V., then the \$0.10/\$1,000 is added to the \$1.50 making a levy rate that is \$1.60/\$1,000 A.V. Any combination is possible as long as the total of the two does not exceed the statutory dollar rate maximum of \$1.80/\$1,000 A.V. for levies made for county purposes. All moneys levied for the county tax refund fund levy are allocated first, without consideration of any delinquency, and then whatever balance is remaining goes to the district's operating fund.

(e) Refund fund's relationship to excess levies. Because the refund fund levy is the direct result of a court ordered judgment in a specific amount, it does not matter whether the judgment amount is derived from taxes paid on regular, excess, or bond levies, or any combination of these levies. The refund fund levy is separate and independent of the levies from which it arose. The levy includes an additional amount deemed necessary to meet the obligations of the county tax refund fund, taking into consideration the probable portions of the taxes that will not be collected or collectible during the year in which they are due and payable, as well as any unobligated cash in hand in this fund.

(f) Applicability to school district levies and state school levy. All taxing districts for which, and within which, taxes were collected unlawfully are required to levy for the refund fund. A refund fund for the school district would not be limited by a dollar rate limit. However, the school district refund fund levy would be subject to the constitutional one percent limit because the refund fund is a regular levy subject to all applicable limits. The state school levy will include a refund fund levy, which will be calculated by the department at the time it levies the state school levy. The state, as a taxing district itself, follows the same procedures that apply to any other taxing district, to the extent that those procedures are applicable.

(g) Separate account in county treasury. The county treasurer must keep a separate account for each district for which a refund fund is created and can only disburse money from that account to the taxpayer(s) entitled to receive a court ordered refund.

(3) **Administrative refunds under chapter 84.69 RCW.** Property taxes may be refunded on the order of the county treasurer before or after delinquency if the property taxes were paid under one of the circumstances listed in RCW 84.69.020. These circumstances include errors, changes in valuation or status by a county board of equalization or the state board of tax appeals, and delays in applying for a senior citizen exemption or deferral.

(a) The levy limit set forth in RCW 84.55.010 does not apply. RCW 84.55.070 states that the limitations contained in chapter 84.55 RCW do not apply to property tax refunds paid or to be paid under the provisions of RCW 84.69.180. Therefore, an amount necessary to fund any refund paid in accordance with RCW 84.69.020 may be added to the levy for a taxing district without regard to the levy limit. A refund levy is not subject to the levy limit. However, the statutory dollar rate limit still applies to each taxing district, as well as the five dollar and ninety cent limit set forth in RCW 84.52.043 and the constitutional one percent limit set forth in Article VII, section 2 of the state Constitution and RCW 84.52.050.

(b) Refunds include interest. Refunds authorized under RCW 84.69.020 must include interest that is payable from the time the tax-

es were paid. The rate of interest is calculated in accordance with RCW 84.69.100, established annually by the department, and published in WAC 458-18-220.

(c) Taxing districts, other than the state, may levy a tax upon all the taxable property within the district for the purpose of:

(i) Funding refunds paid or to be paid under this chapter, except for refunds due to taxes paid more than once, RCW 84.69.020(1), including interest, as ordered by the county treasurer or county legislative authority within the preceding twelve months; and

(ii) Taxes that have been abated or canceled, offset by any supplemental taxes collected under Title 84 RCW other than amounts collected due to highly valued disputed property, RCW 84.52.018, within the preceding twelve months can be levied by taxing districts other than the state.

(iii) This subsection (3)(c)(ii) only applies to abatements and cancellations that do not require a refund under chapter 84.69 RCW. Cancellations that require a refund are included within the scope of (c)(i) of this subsection.

(d) Example 1. This example demonstrates net refunds, cancellations, and supplements that occurred within the past twelve months and the refund levy that can be requested by the taxing district:

Refunds		\$8,000
Cancellations	\$10,000	
Abatements	\$1,000	
Supplements	\$7,000	
Net cancellations and abatements offset by supplements		\$4,000
Net amount eligible for a refund levy		\$12,000

(e) Example 2. This example assumes that the base for computing the allowable levy is \$10,000 and refers to the county current expense levy rate that may not exceed one dollar and eighty cents per thousand dollars of assessed value in accordance with RCW 84.52.043.

(i) Statutory rate requested does not exceed the dollar rate allowable:

The allowable levy for the county current expense fund	\$10,000
Refunds paid or to be paid	\$2,000
Total amount of levy	\$12,000
Assessed value	\$7,000,000
Levy rate	\$1.714/\$1,000
The levy rate is within the statutory rate limit of \$1.80/\$1,000	

(ii) Statutory rate requested exceeds the dollar rate allowable:

Allowable levy	\$10,000
Refunds paid or to be paid	\$2,000
Total amount of levy	\$12,000
Assessed value	\$6,500,000
Levy rate	\$1.846/\$1,000

The dollar rate cannot exceed \$1.80/\$1,000; therefore, the maximum that can be levied is \$6,500,000 x \$1.80/\$1,000	\$11,700
Amount to be refunded	\$2,000
Amount to be credited to current expense	\$9,700

(f) The base for computing the following year's levy limit does not include the refund levy amount. In the preceding example, the base for the following year's levy limit calculation is \$10,000. However, when calculating the additional levy amount based on the value of new construction, improvements to property, increases in the assessed value of state assessed property, and increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, the actual regular levy rate (including the refund levy) is used.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-085, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.48.200, 84.52.0502, 84.55.060. WSR 14-14-023, § 458-19-085, filed 6/23/14, effective 7/24/14. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-085, filed 11/25/02, effective 12/26/02.]

WAC 458-19-090 Fire protection district formation—Cities and towns—Highest lawful levy. (1) **Introduction.** RCW 52.02.160 allows a city or town to establish a fire protection district, subject to voter approval, within the same corporate boundaries of the city or town, for the provision of fire prevention services, fire suppression services, emergency medical services, and for the protection of life and property within the city or town. This rule explains how to calculate the highest amount of regular property taxes that can be lawfully levied (highest lawful levy) by a city or town that creates this type of fire protection district.

(2) **Definitions.** The definitions found in WAC 458-19-005 apply to this rule.

(3) **Example.** This rule includes an example that identifies a number of facts and then states a conclusion. This example should only be used as a general guide. The tax results of other situations must be determined after a review of all the facts and circumstances.

(4) **Highest lawful levy limit calculation.**

(a) **First year.** A city or town that establishes a fire protection district under RCW 52.02.160 must reduce its highest lawful levy by the total amount initially levied in the first year by the newly established fire protection district. This reduced amount will become the new highest lawful levy for the city or town, and will be used for subsequent levy limit calculations under chapter 84.55 RCW. This reduction in the highest lawful levy for the city or town must occur in the first year the newly established fire protection district imposes its property tax levy.

(b) **Second and subsequent years.** The city or town must further reduce its highest lawful levy in subsequent years if the fire protection district initially imposes any additional regular property tax

levies as allowed under RCW 52.16.140 and 52.16.160 in those subsequent years.

(c) **Maximum rate.** The maximum statutory dollar rate for fire protection districts is one dollar and fifty cents per one thousand dollars of assessed value. This rate consists of three regular property tax levies as follows: RCW 52.16.130 (up to \$0.50), 52.16.140 (up to \$0.50), and 52.16.160 (up to \$0.50).

Example. City A establishes a fire protection district under RCW 52.02.160. Prior to the formation, City A annually levied an amount of \$200,390, which is equal to its highest lawful levy. In this example, the maximum statutory dollar rate of the city is \$3.375 per \$1,000 of assessed value.

First year levy. In its first year, the newly established fire protection district determines it will need to levy \$57,000 and its total assessed value is \$59,375,000 (the same total assessed value as City A). This levy amount is the equivalent to a levy rate for the fire protection district of \$0.96 per \$1,000 of assessed value ($\$57,000 / \$59,375,000 (1,000)$), thus the district is initially imposing regular property tax levies under RCW 52.16.130 (\$0.50) and 52.16.140 (\$0.46) in the first year. Therefore, City A must reduce its highest lawful levy by \$57,000. City A's reduced highest lawful levy amount is the amount it will use when calculating the following year's levy calculations.

Second year levy. One year later, the fire protection district requests an increased levy amount of \$74,000 and its total assessed value, along with the total assessed value of City A, has increased to \$60,655,738. The increased levy amount is the equivalent to a levy rate for the fire protection district of \$1.22 per \$1,000 of assessed value ($\$74,000 / \$60,655,738 (1,000)$), thus the district is imposing regular levies under RCW 52.16.130, 52.16.140, and is initially imposing the third regular levy under RCW 52.16.160 (\$0.22). Therefore, City A must further reduce its highest lawful levy by the amount resulting from the fire district initially imposing the third regular levy under RCW 52.16.160. The additional amount resulting from the initial imposition of the fire protection district's third regular levy under RCW 52.16.160 is \$13,344 ($\0.22 per \$1,000 of assessed value multiplied by the total assessed value of \$60,655,738). City A must make a reduction of \$13,344 to its highest lawful levy. City A's newly reduced highest lawful levy is the amount it will use when calculating the following year's levy calculations.

Subsequent year levies. In subsequent years, if the fire protection district's levy rate increases beyond \$1.22 per \$1,000 of assessed value, City A is not required to further reduce its highest lawful levy because the fire protection district had already initially imposed all three regular levies under RCW 52.16.130, 52.16.140, and 52.16.160.

(5) **Constitutional one percent limit and five dollars and ninety cents aggregate dollar limit.** Fire protection district levies are subject to the constitutional one percent limit for regular property taxes and the statutory aggregate dollar rate limit of five dollars and ninety cents per thousand dollars of assessed value. If a reduction in a fire protection district levy is required because it exceeds these limits, it is reduced in the manner described in RCW 84.52.010, 84.52.043, and 84.52.125.

[Statutory Authority: RCW 84.08.010, 84.08.070 and 84.55.060. WSR 19-04-003, § 458-19-090, filed 1/23/19, effective 2/23/19.]

WAC 458-19-550 State levy—Apportionment between counties. (1)

Introduction. The department is charged with levying the state taxes authorized by law. As part of this task, the department apportions the amount of tax levied for state purposes among the counties in proportion to the value of taxable property in each county for the year to ensure that each county pays its due and just share of the state tax. This rule explains how the state property tax levy rate is determined, how the department adjusts the previous year's apportionment because of changes and errors in taxable values reported to the department after October 1 of the preceding year, and how the limit factor set forth in RCW 84.55.010 is applied to the state levy.

(2) **Calculation of state levy rate.** The levy rate for the state property tax levy is the lesser of:

(a) \$3.60 per thousand dollars of the true and fair value of the taxable property in the state; or

(b) The rate that, when applied to the valuation figures specified in subsection (3) of this rule, will produce a total amount equal to the levy limit set forth in RCW 84.55.010. This levy limit equals the limit factor multiplied by the highest state property tax levy of the most recent three annual state levies, plus an amount calculated by multiplying the state levy rate for the preceding year by the increase in assessed value in the state resulting from:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

and

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property.

(3) **Apportionment between the counties - Adjustment for changes or errors.** When determining the amount of the state levy using the calculations set forth in subsection (2)(b) of this rule, the dollar amount apportioned to each county is based upon the valuation figures reported to the department by each county by October 1 of the levy year. If use of the counties' certified assessed values for state levy purposes causes an erroneous apportionment among the counties because of later changes or later-identified errors in valuation within a county, the department will adjust the following year's levy apportionment to reflect these changes and corrections.

(a) For purposes of this rule, a change in taxable value includes any final adjustment made by a reviewing body (county board of equalization, state board of tax appeals, or court of competent jurisdiction) and may also include additions of omitted property, other additions to or deletions from the assessment or tax rolls, any assessment return submitted by a county to the department subsequent to December 1st, or a change in the indicated ratio of a county.

(b) Errors requiring adjustments under this rule include errors corrected by a final reviewing body or any other error that may have come to the department's attention and would otherwise be a subject for correction in the exercise of its supervisory powers.

(4) **Changes or errors in current levy - Adjust apportionment for the following year's levy.** If there are any changes or errors relating to the values used in apportioning the current levy, the apportionment for the following year's levy will be adjusted. For purposes of this

apportionment, the department will recalculate the previous year's levy and the apportionment thereof to correct any changes or errors in taxable values reported to the department after October 1 of the preceding year. The department will adjust the apportioned amount of the current year's state levy for each county by the difference between the dollar amounts of state levy due from each county as shown by the original and revised levy computations for the previous year.

(5) **County required to correct any error upon discovery.** Nothing in this rule relieves a county from its obligation to correct any error immediately upon discovery when the correction may be timely made to avoid distortion in the true apportionment of the state levy between counties.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-550, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-550, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.48.080, 84.55.060 and 84.08.010. WSR 82-06-006 (Order PT 82-2), § 458-19-550, filed 2/19/82. Statutory Authority: RCW 84.48.080 and 84.55.060. WSR 81-04-055 (Order PT 81-4), § 458-19-550, filed 2/4/81.]

WAC 458-18-550 Expenditure of funds. The funds to which the deposits are applied may be expended in any manner or for any purpose for which the funds could be applied as if they were received in the manner and at the time that assessments and taxes are normally paid.

Any district which has received or anticipates to receive deposits to be applied to their funds may, in the budget process, show those deposits as revenue or anticipated revenue, and budget for the expenditure of those moneys in the year they are to be expended.

[Statutory Authority: RCW 84.08.010 and 84.08.070. WSR 81-22-037 (Order PT 81-16), § 458-18-550, filed 10/30/81.]

AGLO_1975_No_086

[[Orig. Op. Page 1]]

**TAXATION -- PROPERTY -- PORT DISTRICTS -- COMPUTATION OF PORT DISTRICT
PROPERTY TAX UNDER 106% STATUTORY LIMITATION.**

Criteria to be applied in determining maximum regular property tax levy which may be made by a port district not having levied taxes in the previous year under the 106% statutory limitation contained in RCW 84.55.010.

October 6, 1975

Honorable Robert L. Charette
State Representative, 19th District
100 West 1st Street
Aberdeen, Washington 98520

Cite as: AGLO 1975 No. 86

Dear Sir:

By recent letter you have requested our opinion regarding the application of chapter 84.55 RCW, commonly known as the 106% property tax limit, to levies by a certain port district.

You have advised us that this particular port district made a property tax levy for general port purposes in 1967 and 1968,¹ but in 1969 through 1971 it made no such levies for any purpose. Then, in 1972, the district issued non-voted general obligation bonds and also made a levy of one mill which represented the highest dollar amount of the three levies.² Since 1972 it has again made no further levies for any purpose.

Under these circumstances you have first asked us how the limitation on regular property tax levies provided for under chapter 84.55 RCW is to be applied with respect to the following levies proposed to be made in 1975 (for 1976 collection):

- (a) A levy for general port purposes pursuant to RCW 53.36.020.
- (b) A levy for debt service on existing non-voted general obligation bonds - the bonds having been issued pursuant to RCW 54.36.030 and the levy also being made pursuant to RCW 53.36.020.
- (c) A levy for industrial development purposes pursuant to RCW 53.36.100.

[[Orig. Op. Page 2]] Secondly, under these same circumstances and assuming that the district makes no levy for any purposes in 1975, you have asked how the limitation provided for under chapter 84.55 RCW is to be applied with respect to the following levies to be made in 1976 (for collection in 1977):

- (a) The three levies described in question (1).
- (b) A levy for debt service on future non-voted general obligation bonds.
- (c) A levy for debt service on future voted general obligation bonds.

We answer your questions in the manner set forth in our analysis.

ANALYSIS

The basic statute involved in your request is RCW 84.55.010, which originated as § 20, chapter 288, Laws of 1971, 1st Ex. Sess. As later amended by § 1, chapter 67, Laws of 1973, 1st Ex. Sess., to add the proviso, this statute now reads as follows:

"Except as provided in RCW 84.55.020 through 84.55.0503/ the levy in 1973 and years subsequent thereto for a taxing district other than the state or a school district in any year shall be set so that the regular property taxes payable in the following year shall not exceed one hundred six percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year: Provided, That if a taxing district has not [[Orig. Op. Page 3]] levied in the three most recent years and elects to restore a regular property tax levy subject to applicable statutory limitations then such first restored levy shall be set so that the regular property tax payable shall not exceed the amount which could have been lawfully levied in 1973, plus an additional dollar amount calculated by multiplying the increase in assessed value in the district since 1973 resulting from new construction and improvements to property by the property tax rate which is proposed to be restored, or the maximum amount which could be lawfully levied in the year such a restored levy is proposed."

We will first take up two threshold questions: (1) The applicability of this statute to port districts and (2) its applicability to each of three types of levies described in your questions - those for general port purposes, those for debt service and those for industrial development.

By its terms, RCW 84.55.010 applies to all taxing districts "other than the state or a school district." It is beyond doubt that a port district is a "taxing district" and therefore is subject to this section. See, RCW 84.04.120 which provides that this term

". . . shall be held and construed to mean and include the state and any county, city, town, township, port district, school district, road district, metropolitan park district, water district or other municipal corporation, now or hereafter existing, having the power or authorized by law to impose burdens upon property within the district in proportion to the value thereof, for the purpose of obtaining revenue for public purposes, as distinguished from municipal corporations authorized to impose burdens, or for which burdens may be imposed, for such purposes, upon property in

proportion to the benefits accruing thereto."

The primary statute authorizing port districts to levy property taxes is RCW 53.36.020 which provides that:

"A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable [[Orig. Op. Page 4]] property in such port district for general port purposes, including the establishment of a capital improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy shall be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class."

In addition, RCW 53.36.100 states that:

"A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may thereafter raise revenue, for six successive years only, in addition to all other revenues now authorized by law, by an annual levy not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district. Said levy shall be used exclusively for the exercise of the powers granted to port districts under chapter 53.25 RCW except as provided in RCW 53.36.110. . . ."

What, then, is the meaning of the term "regular property taxes" as applied to a port district? This term is defined in RCW 84.04.140 which provides as follows:

"The term 'regular property taxes' and the term 'regular property tax levy' shall mean a property tax levy by or for a taxing district which levy is subject to the aggregate limitation set forth in RCW 84.52.043 and RCW 84.52.050, as now or hereafter amended, or which is imposed by or for a port district or a public utility district." (Emphasis supplied.)

As for the applicability of this definition to RCW 84.55.010, supra, see RCW 84.04.010 which provides as follows:

"Unless otherwise expressly provided or unless [[Orig. Op. Page 5]] the context indicates otherwise, terms used in this title⁴ shall have the meaning given to them in this chapter."⁵

In addition, it is to be noted that this definition of "regular property taxes" was enacted by § 13 of chapter 288, Laws of 1971, 1st Ex. Sess., and that the 106% limitation was first established by §§ 20 through 24 of that same chapter.

Thus, insofar as port districts are concerned, RCW 84.55.010, supra, must be deemed to apply to all property taxes which may be levied by such a district.⁶ Having so concluded, however, we are met with a further and somewhat [[Orig. Op. Page 6]] more difficult question: Does RCW 84.55.010 apply to each such levy separately, or to all of them collectively?

To illustrate - you have informed us that the last levy by the port district with which you are concerned (i.e., the 1972 levy) was in the amount of approximately \$329,000 but that none of this

levy was for industrial development purposes under RCW 53.36.100. Thus, in applying RCW 84.55.010 with respect to the district's proposed industrial development levy in 1975 (or in 1976 if no such levy is made this year) is the 1972 levy of any significance at all? Or, on the other hand, is that levy legally irrelevant because it did not include any amount for industrial development purposes - with the result that RCW 84.55.010 should be applied to the proposed 1975 levy for industrial development purposes just as if the district had made no levy in 1972 at all?

Neither RCW 84.55.010 itself nor RCW 84.04.140 (the definition of "regular property taxes") provides a clear and conclusive answer to this question. In view of the obvious purpose of the 106% limitation, however, we conclude that RCW 84.55.010 should be applied to all of the levies of a port district collectively.

The primary purpose of this statute is clearly to protect the taxpayers from substantial increases in their property tax burdens arising from increases in the assessed valuation of their property because of revaluation. This is evidenced by the special treatment given by the statute to increases in assessed valuation in a taxing district arising, instead, from new construction and improvements. The focus of the legislature's concern, accordingly, was on the total tax burden imposed by a given district and not on the purposes for which the district might use its tax revenues. In essence, the language of RCW 84.55.010 therefore imposes a limit upon a district's "irregular property taxes" in the aggregate - and in the case of a port district this means all of its property taxes regardless of purpose. By the same token, we do not read into the statute a legislative intent to prevent such a district from changing the purposes of a levy from year to year so long as the total burden on the district's taxpayers remains within the 106% limit.

There is, however, still another issue to be explored; namely, whether the levies in this case may nevertheless be [[Orig. Op. Page 7]] considered separately^{7/} because of the proviso to the statute which was added by chapter 67, Laws of 1973, 1st Ex. Sess. Repeated for ease of reference, this proviso reads as follows:

"... Provided, That if a taxing district has not levied in the three most recent years and elects to restore a regular property tax levy subject to applicable statutory limitations then such first restored levy shall be set so that the regular property tax payable shall not exceed the amount which could have been lawfully levied in 1973, plus an additional dollar amount calculated by multiplying the increase in assessed value in the district since 1973 resulting from new construction and improvements to property by the property tax rate which is proposed to be restored, or the maximum amount which could be lawfully levied in the year such a restored levy is proposed."

By its express terms, this proviso only becomes operative if "... a taxing district has not levied ..." in the three most recent years; i.e., if the district has made no levy at all in those years. As we understand it, the proviso stemmed from the experience of a particular port district which had made an otherwise unneeded levy in 1972 solely in order to have a base which would allow it to make levies under RCW 84.55.010 in 1973 or other subsequent years. Its purpose was to preserve the ability of other taxing districts to levy in 1973 and subsequent years without having to make such an unnecessary levy.^{8/}

[[Orig. Op. Page 8]] Thus, any levy by a taxing district, in any amount and for any purpose, within the last three years will place the district outside of the scope of the proviso. In terms of the port district which is the subject of your opinion request, this district therefore may not justify an unlimited levy for industrial development purposes in 1975 on the ground that since it had made no levy for that purpose in the last three years the proviso allows it to do so. The fact that the district made a levy in 1972, even though it was not for industrial development purposes, makes the

proviso inapplicable to any levy in 1975, including one for those purposes. On the other hand, of course, if no levies are made in 1975 the proviso most certainly will come into play with respect to its 1976 levies - the subject of your second question. But even there, the proviso does not support a separate, as distinguished from an aggregate, levy approach in applying the basic limiting provisions of RCW 84.55.010.

With this, we turn to your two specific questions.

Question (1):

Having determined that the proviso will not be applicable with respect to any of the subject port district's proposed 1975 levies, and that an aggregate levy approach should be used in applying RCW 84.55.010, we can address your first question directly. Before doing so, however, let us again quote for ease of reference the applicable portion of this statute:

"Except as provided in RCW 84.55.020 through 84.55.050, the levy in 1973 and years subsequent thereto for a taxing district other than the state or a school district in any year shall be set so that the regular property taxes payable in the following year shall not exceed one hundred six percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year: . . ."

[[Orig. Op. Page 9]] We again note that the district with which you are concerned made levies in 1967, 1968, and 1972. You have informed us that the 1972 levy represented the highest dollar amount of the three. Accordingly, it is the amount of that levy (approximately \$329,000) which is the ". . . amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied. . ."^{9/} That amount, in short, in this case represents the base to which the 106% factor is to be applied. Once the product of that calculation is determined,^{10/} however, there will then be added to it an amount reflecting new construction and improvements - which leads us to the next area here to be explored.

In determining this additional amount two further questions arise. The first is that of what "regular property tax levy rate of . . . [the] district" is to be applied to the increase in assessed value attributable to new construction and improvements in view of the fact that the district with which we are here concerned levied no taxes at all "for the preceding year." To say that the rate to be used is to be the actual levy rate utilized in the immediately preceding year (i.e., 1974) would thus produce a patently absurd result since, in this case, that rate would be zero. Therefore, to avoid such an absurdity^{11/} we conclude that the rate which should here be applied is that which was used in 1972; i.e., in the last preceding year in which taxes were in fact levied by the district in question.

In so concluding we of course recognize a small mechanical problem which this approach will produce. In 1972, levy rates in this state were expressed in mills and were applied to assessed valuations computed on the basis of fifty percent of true and fair value. Under chapter 195, Laws of 1973, 1st Ex. Sess., on the other hand, levy rates are now expressed in dollars of tax per thousand dollars of assessed valuation and assessed valuation is now to be at one hundred percent of true and fair value of the property [[Orig. Op. Page 10]] to be taxed. The solution is simply for the millage rate actually used in 1972 to be converted to conform to the present system. Thus, if the 1972 rate was one mill, as you have indicated, the rate to be applied to the district's increase in assessed valuation attributable to new construction and improvements in 1975 should be fifty cents per

thousand dollars in that, as you will readily discern, one mill applied to each dollar of assessed valuation, computed at fifty percent of true and fair value, is the same as fifty cents applied to each thousand dollars of assessed valuation, computed at one hundred percent of true and fair value.

The second question relative to new construction and improvements is whether the "increase in assessed value . . . resulting from new construction and improvements" will here mean only such increase as has occurred in 1975; or, instead, will it include the total of all such increases from and after May 1, 1972.^{12/}

It will readily be noted that this last quoted language from the original statute is different from that of the 1973 proviso relating to new construction. Under the proviso, the additional amount reflecting new construction is expressly required to be cumulative since 1973 - the applicable language reading:

"... plus an additional dollar amount calculated by multiplying the increase in assessed value in the district since 1973 resulting from new construction and improvements. . . . This difference in language, however, appears to us merely to be attributable to the fact that in enacting the 1973 proviso, the legislature was expressly addressing itself to those situations in which given taxing districts had failed to make any levies for at least three previous years, whereas with the original statute the legislature was basically contemplating instances in which (as evidenced by its use of the phrase "levy rate for the preceding year") such districts had not skipped one or more years in making their levies.

Moreover, we believe that the answer to this question regarding new construction should be consistent with our answer to the first question involving this aspect of the [[Orig. Op. Page 11]] statute. Thus, we conclude that in this case the total of all increases from new construction and improvements since May 1, 1972, should be taken into account, since 1972 was the last year in which a levy was made and therefore was the "preceding year" for purposes of determining the levy rate. This conclusion also affords similar treatment both to those taxing districts which have failed to make a levy within the immediately preceding one or more years and those which have not made a levy within the preceding three or more years. It is also consistent with what we view to be the basic purpose of the statute; i.e., protection of the taxpayers from increased tax burdens attributable to increases in assessed valuation by reason of revaluation.

To summarize: In applying RCW 84.55.010 so as to establish the aggregate limitation thereunder on the subject port district's proposed 1975 property tax levies, the first step is to multiply its total 1972 levy by 106%. The second step is then to add to this first amount an amount determined by multiplying increases in assessed value attributable to new construction since May 1, 1972, by the 1972 levy rate, translated into 1975 terms as last above explained. The sum of these two amounts will be the maximum dollar amount for 1975 levies.

Finally, we should emphasize once again that this maximum dollar amount is applicable to all three of the proposed 1975 levies, in the aggregate. Subject to otherwise applicable rate limitations, such as those in RCW 53.36.020, *supra*, each levy may be in such amount as the district determines - so long as the aggregate limit is not exceeded.

Question (2):

Your second question assumes that because of our answer to your first, or for other reasons, the port district decides to make no property tax levy of any sort in 1975 (for 1976 collection) and, instead, waits until 1976 to make its next levy; i.e., its first since 1972. How, you have asked, will RCW 84.55.010 operate with respect to the 1976 levies which you have described under this set of circumstances.

To begin with, for the same reasons we gave earlier in answering your first question, the statute will constitute a limitation upon the aggregate amount of regular property taxes which may be levied by the district in that year - i.e., the aggregate amount of all of its property taxes - including those for debt service or industrial development. In this regard the 1973 proviso to the statute which will apply in [[Orig. Op. Page 12]] this alternative situation is no different from the original part of the statute.

The reason that the proviso, and not the main part of the statute, will apply in the case posited by your second question is based upon the particular facts involved in your request. The district did, in fact, make levies in three different years; i.e., 1967, 1968, and 1972. Accordingly, if it makes no levies in 1975, it would, absent the proviso, compute the aggregate limit for its proposed 1976 levies in exactly the same manner as we have described in our answer to question (1). Thus it would be in quite a different position from a district which had never made any levy in any prior year - for such a district would have no base year and would thereby be prevented from making any levy at all.

The proviso, however, expressly applies to any taxing district that "has not levied in the three most recent years" and thus the port district in question would also be within its express terms were it to omit all 1975 levies. Accordingly, it necessarily follows that the proviso is applicable and that the first part of the statute is not.

Having so concluded, the next point which we must resolve is the meaning of the phrase "... and elects to restore a regular property tax levy subject to applicable statutory limitations ... " as this phrase appears in the proviso. Do the statutory limitations thus referred to include RCW 84.55.010 itself? Or do they include only other statutory limitations such as the forty-five cents per thousand dollar limitation contained in RCW 53.36.020, supra? In our opinion, the answer is the latter. As above noted, there could, in the absence of the proviso, have been cases in which given taxing districts - because they had made no levies at all in any prior year - would be unable to make any levies under the terms of RCW 84.55.010. Thus, in such cases, a reading of the limitations of RCW 84.55.010 into the above quoted phrase would, in effect, make the proviso inoperative in the very cases to which it was obviously designed to apply.

The next sub-question is similar to the last one: Does the phrase, "... the amount which could have been lawfully levied in 1973 ..." which also appears in the proviso likewise refer only to the amount which could have been lawfully levied apart from the limitations of RCW 84.55.010 itself? Again, for the same reasons as required a similar answer to the immediately preceding question, we would conclude that it does.

The position which we have thus taken with respect to these two related issues arising under the proviso is further in accord with its basic purpose as explained during [[Orig. Op. Page 13]] the Senate discussion on the bill by which chapter 67, Laws of 1973, 1st Ex. Sess., was enacted. At pp. 1206-1207 of the 1973 Senate Journal we find the following:

"Senator Bailey: ... 'This bill merely says if a district does not levy anything, they

still have not given up their basic right to levy. Now this could be true in a fire district, say, that was established a few years ago or any other district that has not gotten into active participation that has a legal right to levy. The mere fact that they have not needed the money now is no reason to force them into that levy they do not need. Six percent of nothing remains nothing and this gives them the base to work from. It is an effort really to lower and not force taxes to the limit.'

"POINT OF INQUIRY

"Senator Canfield: 'Senator Bailey, if I understand correctly then, if they have not levied these taxes in the past three years it still would not destroy the new base. Is that what you are saying?'

"Senator Bailey: 'Senator Canfield, it does not only say that, it says if they have not levied the tax, you see the way the new tax bill was written, this year's budget is the base year. Next year they can only levy six percent above that, so those districts that are not levying now have no base to start from. This would establish and give them - if they do not levy for the next two or three or four years they still can come back to the year 1973 and use that as a base. This is all that it does.'

"Senator Canfield: 'What I am trying to say, it does not allow them to go back and pick up back levies but simply establishes a new base.'

"Senator Bailey: 'Just a new base. . . .'"

As is apparent from this legislative history, the proviso was intended principally to apply to districts which, [[Orig. Op. Page 14]] by reason of their failure to make any levies at all in years prior to 1973, were prevented by the original terms of RCW 84.55.010 from making any levy in 1973 and subsequent years. The district involved in your opinion request, although also within the scope of the proviso as above explained, has in fact made levies in 1967, 1968, and 1972, and thus would not have been prevented from making a levy in 1973 and subsequent years by RCW 84.55.010 as it read prior to addition of the proviso. Nevertheless, we believe we must construe the proviso in a manner that gives effect to its primary purpose; i.e., to afford relief to those districts which otherwise would have been prevented from making any levy at all.

Finally, we must construe the phrase ". . . or the maximum amount which could be lawfully levied in the year such a levy is proposed . . ." Again, for the same reasons as above given, we believe that "lawfully levied" has reference to levy limitations apart from RCW 84.55.010 itself.

Still another problem, however, remains. This "maximum amount" involves a limit which is an alternative to that consisting of the sum of the "amount which could have been lawfully levied in 1973," and the additional dollar amount reflecting new construction. But which alternative is to be used when one limit is (as would normally be the case) different from the other? Should the higher be used? Or the lower?

We believe that the lower limit must be used - even though we recognize that the phrase "whichever is the lesser amount" that was originally contained at the end of the proviso as passed by the House was stricken by the Senate. See, Senate Journal, 1973 Session, p. 1208. The reason for striking this phrase is less than clear. Perhaps it was considered as surplusage. In any case, we must conclude that it is impliedly still within the proviso. Either that phrase or the converse phrase "whichever is the higher amount" must necessarily be implied; otherwise we would not have true alternative limits. But if we imply the latter phrase, the limit using 1973 as the base year would

have no practical effect - for the taxing district would be able to disregard that limit whenever it was lower than the other one - and would be required, by reason of levy rate limits such as those in RCW 56.36.020, to disregard that limit when it was higher.

Bearing all of these conclusions regarding the proviso in mind, we may now state our answer to your second question, in summary form as follows:

[[Orig. Op. Page 15]] If the subject port district makes no levy in any amount for any purpose in 1975, and instead makes the levies described in that question in 1976, the procedures to be followed in applying RCW 84.55.010 (and specifically, the proviso thereto) will be:

(1) Determine the amount which "could have been lawfully levied in 1973." This will be done by adding up the amounts of each separate levy which could have been made in that year - using 1973 assessed valuations and also applying 1973 levy rate limitations apart from RCW 84.55.010 itself; i.e., those contained in RCW 53.36.020 (general port purposes) and in RCW 53.36.100 (industrial development)^{13/} as of 1973.^{14/}

(2) Add all increases in assessed valuation since 1973 (thus excluding any increase occurring in 1973 but including any occurring in 1976) resulting from new construction and improvements - and then multiply this sum by the "property tax rate which is proposed to be restored."^{15/}

[[Orig. Op. Page 16]] (3) Add the amounts determined under steps (1) and (2) to find the dollar amount that may be levied under the limit using 1973 as the base year.

(4) Then determine the alternative limit (i.e., the "maximum amount which could be lawfully levied in the year such a restored levy is proposed") as follows:

(a) With respect to the levy for general port purposes, by multiplying the 1976 levy rate limitation contained in RCW 53.36.020 as in effect in 1976, by the 1976 assessed valuation;

(b) with respect to the levy for industrial development purposes, by multiplying the 1976 levy rate limitation contained in RCW 53.36.100, as in effect in 1976, by the 1976 assessed valuation;

(c) with respect to the levy for general obligation bonds (whether voted or non-voted, and whether existing presently or issued later but prior to the 1976 levy) by ascertaining the total amount needed to service all of such bonds in 1976.

(5) Compare the two results - with the limit under RCW 84.55.010 being the lesser of the amounts determined under (4) and (3) above.^{16/}

[[Orig. Op. Page 17]] We trust that the foregoing will be of some assistance to you.

Very truly yours,

SLADE GORTON
Attorney General

TIMOTHY R. MALONE
Assistant Attorney General

*** FOOTNOTES ***

^{1/}For collection in 1968 and 1969 as provided for in chapter 84.56 RCW. Property taxes in our state are levied in one calendar year for collection in the next.

^{2/}Approximately \$329,000.

^{3/}RCW 84.55.020 through 84.55.050 are inapplicable to your present question because they deal,

respectively, with (1) newly formed taxing districts making their first levies; (2) initial levies following an expansion by reason of annexation; and (3) increased property taxes specially authorized by the voters of the district.

4/I.e., Title 84 RCW, which includes RCW 84.55.010.

5/I.e., chapter 84.04 RCW, a definitions chapter which, of course, includes RCW 84.04.140, supra.

6/While a bill designed to change this by excluding levies for debt service and/or industrial development was recently considered by the legislature, it failed to pass. We have reference to House Bill No. 624 in the 1975 session. As originally introduced, this bill proposed to amend the definition of "regular property taxes" in RCW 84.04.140 by adding the following proviso:

"... PROVIDED, That in the case of a port district ... [the term] shall mean property tax levies except levies for the payment of principal and interest on bonded indebtedness, and those levies authorized for industrial development purposes under RCW 53.36.020."

This amendment, however, was first changed by the House so as to remove any reference to levies for industrial development and then later was stricken entirely and replaced by a proposal to amend RCW 84.04.140 as follows:

"... PROVIDED, That levies for the payment of debt service that have been approved by the people within the port district as provided by law shall not be considered as levies subject to the 106% limitation as provided in RCW 84.55.010."

Although the bill in this form was passed by the House it died in the Senate.

7/I.e., so as to permit the district to use the proviso for measuring any 1975 industrial development levy it may propose while at the same time separately calculating the limit on its 1975 general purposes levy under the prior portion of the statute.

8/See, Senate Journal 1973 Session, pp. 1206, 1207. In commenting on the proviso, Senator Dore stated:

"... This pertains to only those ports that have not levied anything for a period of three years. ..." (Ibid. p. 1208.)

9/We assume for purposes of this opinion, that there is no question as to the validity of the 1972 levy.

10/E.g., $\$329,000 \times 1.06 = \$348,740$.

11/As dictated by the rule of construction to be found in such cases as Wilson v. Lund, 74 Wn.2d 945, 447 P.2d 718 (1968).

12/I.e., the date since which any new construction or improvements would, under RCW 36.21.080, have been relevant with respect to assessed valuation only as to taxes levied after 1972.

13/Note, however, that the levy for industrial development could only have been made in 1973 if, in accordance with the terms of RCW 53.36.100, the port district had then adopted a "comprehensive scheme of harbor improvements and industrial developments . . ." Thus, the amount which "could have been lawfully" levied in 1973 under RCW 53.36.100 will be zero unless such a scheme had then been adopted.

14/Similarly, the amount of any levy for debt service must be based upon debt service needs in 1973; i.e., for debt existing in 1973. The fact that the district could have had a higher amount of debt outstanding in 1973 - and under those circumstances have made a higher levy in 1973 - is in our view irrelevant. The levy for debt service, we also note, is not subject to any direct statutory rate limitation, but rather is to be based upon the dollar amount needed in 1973 to service debt outstanding in 1973.

15/This calculation presents two problems. As previously noted, assessed valuations were changed in 1973 from fifty percent of true and fair value to one hundred percent of true and fair value, and levy rates were changed from mills per dollar of assessed valuation to dollars per thousand dollars of assessed valuation. Thus, in this calculation the appropriate conversions must again be made.

Secondly, the phrase "property tax rate which is proposed to be restored" presents a circularity problem. The levy rate which will be used can be determined only after the limit is determined; yet that levy rate is itself to be used in determining that limit. This problem can be solved by determining the levy rate which, as applied to 1976 assessed valuations less accumulated new construction, would result in the dollar amount determined in step (1). This levy rate would then be applied to new construction in order to determine the dollar amount in step (2) - for this levy rate as so applied would be the same as that finally determined with reference to the limit using 1973 as the base year.

16/Note again, however, that this 1976 limit will still be in the aggregate and does not control the actual uses to which the revenue derived from the 1976 levy may be put - even though the limit can be computed only on the basis of treating each type of levy individually for purposes of determining the amount of taxes which "could have been lawfully levied in 1973."

AGLO_1978_No_029

[[Orig. Op. Page 1]]

**DISTRICTS -- PORT -- TAXATION -- RESTRICTIONS UPON PROPERTY TAXATION BY
NEWLY FORMED PORT DISTRICT**

- (1) The 106% statutory limit on ad valorem property taxes established by RCW 84.55.010, et seq., is applicable to a tax levy imposed by a port district under RCW 53.36.020.
- (2) Because of the applicability of RCW 84.55.010, et seq., to such port district property taxes, a newly formed port district will be unable to levy any property taxes under RCW 53.36.020 without first obtaining voter approval in accordance with RCW 84.55.050.
- (3) Port district property tax levies are not subject to the 1% constitutional limitation contained in Article VII, § 2 of the state constitution, as amended, and for that reason they are not subject to any of the related statutory limitations contained in chapter 84.52 RCW.

September 12, 1978

Honorable James P. McNally
Prosecuting Attorney
Pend Oreille County
Newport, Washington 99156

Cite as: AGLO 1978 No. 29

Dear Sir:

This is written in response to your recent letter requesting our advice on three questions relating to the legal status of a port district's property tax levy imposed pursuant to the following provisions of RCW 53.36.020:

"A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district for general port purposes, including the establishment of a capital [[Orig. Op. Page 2]] improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy shall be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class."

ANALYSIS

Question (1):

Your first question, as we understand it, is whether the foregoing property tax is subject to the "106% limit" established by RCW 84.55.010, et seq.^{1/} This precise question has previously been considered by this office, and answered in the affirmative, in AGLO 1975 No. 86 [[to Robert L. Charette, State Representative, on October 6, 1975, an Informal Opinion, AIR-75586]], a copy of which is enclosed for your immediate reference. See, in particular pp. 2-5 of the opinion.

[[Orig. Op. Page 3]]

Question (2):

Your second question, in turn, assumes this answer to question (1) and asks whether a certain proposed new port district in Pend Oreille County, if formed pursuant to approval by the voters at the forthcoming September 19, 1978, election,^{2/} will be able to levy any property taxes under RCW 53.36.020, supra, without first obtaining voter approval.

The governing statute is RCW 84.55.050, which is to be read in conjunction with RCW 84.55.010, supra. This statute reads, in material part, as follows:

"Subject to any otherwise applicable statutory dollar rate limitations, regular property taxes may be levied by or for a taxing district in an amount exceeding the limitations provided for in RCW 84.55.010 through 84.55.040 if such levy is authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters. . . ."

The answer to your second question depends on the significance of the phrase "... exceeding the limitations provided [[Orig. Op. Page 4]] for in RCW 84.55.010 through RCW 84.55.040 . . ." in the case of a newly formed port district.

To begin with, such a new district will obviously not have previously levied any property taxes--and therefore (in the words of RCW 84.55.010) the "... amount of regular property taxes levied . . . in the highest of the three most recent years in which such taxes were levied . . ." will be zero. Likewise, the "additional dollar amount" attributable to new construction will be zero because the "regular property tax levy rate of that district for the preceding year" was also zero. And finally, turning to the proviso in RCW 84.55.010, supra, the "... amount which could have been lawfully levied in 1973 . . ." is, again, zero since the district simply did not exist in 1973. Furthermore, there will have been no "increase in assessed value in the district since 1973 . . ." for the same reason.

RCW 84.55.010, in short, contemplates a district which has imposed property taxes during at least one previous levy or, if it has made no previous levy, was at least in existence in 1973. Accordingly, it necessarily follows, in direct answer to your question, that a newly formed port district may levy no property taxes under RCW 53.36.020, supra, unless it first obtains voter approval pursuant to RCW 84.55.050.^{3/}

Question (3):

Finally, you have asked whether a port district property tax levy imposed pursuant to RCW 53.36.020, supra "... would ... be limited in any other manner by virtue of the taxes imposed by the county and junior taxing districts."

We assume your concern, here, is with the various provisions of chapter 84.52 RCW involving the levy of property taxes and, more importantly, the allocation of such taxes between competing taxing districts within the aggregate 1% (formerly 40 mill) limit contained in Article VII, § 2 of our state constitution, as amended. However, as you will note from RCW 84.52.010(2), this allocation process is inapplicable to property taxes imposed by port districts or public utility districts-- [[Orig. Op. Page 5]] in obvious recognition of the fact that ad valorem property taxes imposed by those two classes of taxing districts are expressly excluded from the underlying constitutional limitation. Accord, the following express definition of the term "taxing district" in Article VII, § 2, supra:

"... The term 'taxing district' for the purposes of this section shall mean any political subdivision, municipal corporation, district, or other governmental agency authorized by law to levy, or have levied for it, ad valorem taxes on property, other than a port or public utility district. . . ." (Emphasis supplied)

Accordingly, while an RCW 53.36.020 port district property tax levy is (in our opinion) subject to the statutory limitation contained in chapter 84.55 RCW, supra (i.e., the 106% limit) such a property tax levy is not subject to the further constitutional limit contained in Article VII, § 2, supra, as amended--and for that reason, as evidenced by RCW 84.52.010(2), supra, it is not subject to any of the related statutory limitations contained in chapter 84.52 RCW, supra.

It is hoped that the foregoing explanation will be of some assistance to you.

Very truly yours,

SLADE GORTON
Attorney General

TIMOTHY R. MALONE
Assistant Attorney General

*** FOOTNOTES ***

1/RCW 84.55.010 reads in full as follows:

"Except as provided in RCW 84.55.020 through 84.55.050, the levy in 1973 and years subsequent thereto for a taxing district other than the state or a school district in any year shall be set so that the regular property taxes payable in the following year shall not exceed one hundred six percent of the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district plus an additional dollar amount calculated by multiplying the increase in assessed value in that district resulting from new construction and improvements to property by the regular property tax levy rate of that district for the preceding year: PROVIDED, That if a taxing district has not levied in the three most recent years and elects to restore a regular property tax levy subject to applicable statutory limitations then such first restored levy shall be set so that the regular property tax payable shall not exceed the amount which could have been lawfully levied in 1973, plus an additional dollar amount calculated by multiplying the increase in assessed value in the district since 1973 resulting from new construction and improvements to property by the property tax rate which is proposed to be restored, or the maximum amount which could be lawfully levied in the year such a restored levy is proposed."

2/Accord, RCW 53.36.020.

3/The result is the same under RCW 84.55.020 which relates solely to districts created from consolidation, under RCW 84.55.030 which relates solely to an already existing district which is expanded through annexation, and under RCW 84.55.040 which relates solely to a previously existing district for which the statutory dollar rate limitation has been increased.

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October 3, 1989

Writer's Direct Dial No.
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Re: Proposed 1990 Tax Levy for Purposes of Retiring the
General Bond Obligations of the Port of Skamania

Dear Susan:

Please accept my sincere apology for the delay in responding formally to your request of August 24. This letter is intended to confirm our telephone conversations on the subject matter.

1. Is the tax levy for debt service on the Port's outstanding general obligation bonds of the Port included within the statutory limit of 45 cents per thousand for general port purposes?

Answer: No. RCW 53.36.020 provides in part: "That any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the 45 cents per thousand dollars of assessed value limitation."

2. Can the levy for nonvoted bond debt service be made in addition to the statutory limitation of 45 cents per thousand?

Answer: Yes. The levy for debt service on the nonvoted general obligation bonds can be in addition to the 45 cents levy limitation.

3. Does the limitation on indebtedness for port districts constitute a limitation on tax levies?

Answer: No. RCW 53.36.030 limits the amount of general indebtedness which may be incurred by a port district to .25% of the assessed valuation of the district. The port district may not incur general debt without voter approval unless at the time the debt is incurred, the total nonvoted general debt of the port is less than .25% of the assessed valuation of the port district. Debt in excess of the debt limit would be

Susan K. Lourné, Esq.
October 4, 1989
Page 2

void. The debt limitation does not constitute a levy limitation, however. Levy limitations are set forth elsewhere (e.g., RCW 53.36.020 and RCW 84.55.010).

4. Does the levy for general obligation bonds come within the "106% levy lid" limitation?

Answer: Yes. Although port districts are specifically exempt from the levy limitation of Amendment 59 of the Washington Constitution and are excluded from the limitations of RCW 84.52.043 and .050, nevertheless, there is no similar exemption provided for port districts from the 106% limitation of RCW ch. 84.55.

RCW 84.55.010 requires that levies for "a taxing district other than the state or a school district" must be set so that regular property taxes do not exceed 106% of the highest amount of regular property taxes levied for such district in the three most recent years. Port districts are included within the term "taxing district" by RCW 84.04.120.

All property tax levies made by a port district are defined by RCW 84.04.10 to be "regular property taxes." Therefore, the general purpose property tax levy and the levy to pay the principal and interest of general obligation bonds--whether voted or not voted--are regular property taxes for the purpose of determining the 106% ceiling. See AGLO 1975 No. 86.

Your letter also included several formulas for the calculation of tax levies. In general, I agreed with the conclusions with a few caveats. I did not verify the accuracy of the assessed valuations set forth in the examples nor did I verify the accuracy of the calculation of the initial levy based on the stated assessed valuation. In other words, when you indicated that the general tax levy for the port would be \$67,500 if the property valuation were \$150,000,000 and the levy were \$.45, I have relied upon your calculations for these numbers. Second, I assumed that the dollar amounts shown as the debt service for general obligation bonds actually were due and payable in the fiscal years for which the levy was being made.

Based upon the foregoing information, I am hopeful that the levy which has been certified to Skamania County is adequate for Port purposes and consistent with levy limitations. RCW 84.52.020 and RCW 53.35.040 provide in substance: "It shall be the duty of the . . . commissioners of port districts . . . for the purposes of levying district taxes, budgets or estimates of the amounts to

Susan K. Lourne, Esq.
October 4, 1989
Page 3

be raised by taxation on the assessed valuation of property in the . . . district . . . to make and file such certified budget or estimate with the clerk of the board of county commissioners on or before the Wednesday next following the first Monday in October in each year." However, RCW 53.35.045 provides: "Notwithstanding any provision of law to the contrary, the board of commissioners of a port district may file with the clerk of the county legislative authority a certified copy of the port district final budget, provided for in RCW 53.35.040, on the first Monday in December. The board of port commissioners may also set other dates relating to the budget process, including but not limited to the dates set forth in RCW 53.35.010 and 53.35.020 to conform to the alternate date for final budget filing."

In State ex rel. Ross v. Hedley, 22 Wash. 126, 60 P. 126 (1900), the county commissioners after making their tax levy for the ensuing year discovered that the levy was excessive and the court held it to be within their power to revoke their former action and reduce the tax levy.


It would be our opinion that the Port might revise their budget and, if necessary, increase a property tax levy if they find that such increased revenue is required to meet the obligations and responsibilities of the port district. This could be done by amending the budget resolution and filing a revised final budget with the Clerk of the Board of County Commissioners on or before the first Monday in December.

If you have any further questions, please call us.

Very truly yours,

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

By



Cynthia M. Weed

CMW:mkj

cc: Port of Skamania County

The Honorable Glenda Kimmel, Skamania County Assessor

The Honorable Wilma Cornwall, Skamania County Treasurer

Edward C. Rackleff, State of Washington, Department of Revenue

K:\cmw\77777-40.000\OKskaman.18E

October 10, 1979

TO: James R. Ellis
FROM: Cynthia Weed
RE: Port of Tacoma levy for 1980

Although I am not sure that I understand Mr. Hartvigsen's letter, I did refer back to the letter to Roger Miener. The following is an attempt to answer his questions (those of the Pierce County Assessor directed to Roger Miener).

Mr. Cook has requested that he be advised whether the bond service levy for debt service on the 1961 and 1965 voter-approved general obligation bonds should be:

1. Within the statutory levy of 45 cents per thousand.

Answer: No. RCW 53.36.020 provides "that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation."

2. In addition to the limitation of No. 1.

Answer: Yes. The levy for the debt service on the 1961 and 1965 general obligation bonds will be "in addition" to the 45 cents levy.

3. Within the 106% limit.

Answer: Yes. Port districts are specifically exempt from the levy limitation of Amendment 59 and also are excluded from the limitations of RCW 84.52.043 and .050. Nevertheless, there is no similar exemption provided for port districts from the 106% limitation imposed by ch. 84.55 RCW.

RCW 84.55.010 in general states that a levy for a port district must be set so that regular property taxes do not exceed 106% of the amount of regular property taxes levied for such district in the three most recent years. RCW 84.55.050 provides that a levy in excess of the 106% limit may be made if approved by a majority vote at a district election. After an increased levy is made pursuant to RCW 84.55.050, the dollar amount of such levy is used for purposes of computing the 106% ceiling in subsequent years.

4. An excess levy.

Answer: No. RCW 84.04.140 provides that "[T]he term 'regular property tax levy' shall mean a property tax levy by or for a taxing district which levy is subject to the aggregate limitation set forth in RCW 84.52.043 and RCW 84.52.050...which is imposed by or for a port district...." Port districts are not subject to the limitations of RCW 84.52.043 and 84.52.050. See Hoge v. Port of Seattle, 54 Wn.2d 799, 341 P.2d 171 (1959). The distinction which is made between "regular" and "excess" property tax levies, by or for taxing districts, thus, is not applicable, except for the 106% ceiling.

As voter-approved general obligation bonds, the outstanding bonded indebtedness is in excess of that allowed to be incurred without an affirmative vote by the voters within the district. The port district is bound to levy assessments sufficient to pay the debt service on the bonds. The levy for the debt service on the bonds would, however, be included within the 106% ceiling, and if the total port district levy is in excess of the 106% ceiling, then the district will be required to seek voter approval for an excess or adjust the levy accordingly.

CMW:jw

bcc: DLB

October 3, 1979

Mr. Jim Ellis
Preston, Thorgrimson, Ellis,
Holman & Fletcher
2000 IBM Building
Seattle, WA 98101

Dear Mr. Ellis:

Subsequent to the adoption of the Port budget and certification of levy, we have received a copy of a letter dated September 17, 1979, from the Pierce County Assessor to Roger Miener, Deputy Prosecuting Attorney, for clarification of excess levy. I enclose copy of that letter and I think it is self-explanatory. I also enclose a copy of our budget and certification of levy for the year 1980.

Discussion with the Assessor's Office has indicated to me that the 106% application would be made to the total levy of previous years and that perhaps that would compensate for any possible cancellation of excess levy. In any event, I am concerned with the potential impact that this consideration might have upon our levy and I would appreciate your comments at your earliest convenience.

I am sending a copy of this letter and enclosures to the Washington Public Ports Association for their information.



Yours very truly,

A handwritten signature in dark ink, appearing to read "A. B. Hartwigsen".

A. B. HARTWIGSEN
Senior Director of Finance
& Auditor

ABH:kp
Enclosure
cc: Washington Public Ports Association, Olympia

EXECUTIVE DIRECTOR: RICHARD DALE SMITH

September 27, 1979

Clerk of the Board of Commissioners
Pierce County
Tacoma, Washington

Gentlemen:

Pursuant to Resolution No. 3705 passed and adopted by the Board of Commissioners of the Port of Tacoma on the 27th day of September, 1979, I hereby certify that the following amount will be required for the Port of Tacoma in excess of the estimated revenues from State Harbor Area Leases and other sources for the year ending December 31, 1980, the same being based upon the total valuation for Pierce County for the year of \$6,185,410,123 for regular levy, and \$6,110,107,562 for excess levy, to wit:

\$.0341 Per \$1,000 for G.O. Bond	
Interest & Redemption, 1966 Series	\$ 210,922
\$.0807 Per \$1,000 for G.O. Bond	
Interest & Redemption, 1974 Series	499,163
<u>\$.3050 Per \$1,000 for General Fund</u>	<u>1,886,550</u>
 \$.4198 Per \$1,000 Total Regular Levy	 \$2,596,635
 \$.0511 Per \$1,000 for Debt Service on Voter-Approved Bonds	 <u>312,226</u>
 <u>\$.4709 Per \$1,000 Total Levy</u>	 <u>\$2,908,861</u>



Dated at Tacoma, Washington this 27th day of September, 1979.

R. G. EARLEY
Secretary of the Port Commission
of the Port of Tacoma

RGE:kp

PIERCE COUNTY ASSESSOR

SHeldon K. COOK, ASSESSOR · 2401 SOUTH 35TH STREET · TACOMA, WASHINGTON 98409

September 17, 1979

Mr. Roger Miener
Deputy Prosecuting Attorney
Prosecuting Attorney's Office
Room 946 - County-City Building

Subject: Port Levy - Port Resolution No. 1814 (enclosed) A.G.L.O.
75-86 (enclosed) RCW 53.36.020, RCW 53.36.070, RCW 53.36.100
(not applicable) and RCW 53.47.040 (not applicable)

Dear Roger,

The immediate question is the proper levy for 1979 to service the following two bond issues:

	<u>"Amount of Issue"</u>	<u>Date of Issue</u>	<u>Expiration Date</u>
"A.	\$2,400,000	10-1-61	1991
"B.	\$3,000,000	10-1-59	
	(re-funded)	8-1-65	1988"

These bonds were general obligation, voter approved bonds.

In prior years an excess levy over and above any limitation has been made.

We have been informally advised by the State Department of Revenue that the bond service levy should be a regular levy.

Will you please advise this office whether the levy should be:

1. Within the statutory levy of .45 cents per thousand.
2. In addition to 1.
3. Within the 106% limit.
4. An excess levy.

As time is very much a factor, would appreciate an early reply.

Sincerely,

Sheldon K. Cook

Sheldon K. Cook
Pierce County Assessor

SKC:ln
Attachments - 2



Member International
Association of Assessing
Officers

MEMORANDUM

TO: Washington Public Ports Association

FROM: Cynthia Weed

DATE: July 23, 2024

SUBJECT: Reintroducing the Levy Lid Lift

Financing Within the Former 106% Limitation

In light of recent tax initiative campaigns, cities and other taxing districts are rediscovering an important tax tool: the **levy lid lift (RCW 84.55.050)**. Previously, taxing districts set their annual levy amount within the constraints of the “106% levy lid.” Under the 106% levy lid, taxing districts over 10,000¹ could increase the total dollar amount of their regular property taxes annually by the lesser of inflation or 106% of their highest levy in the three previous years (plus an adjustment to reflect the value of new construction, improvements, and State-assessed property). With supermajority council or board approval and a finding of substantial need, these taxing districts could increase their levy by an amount up to the full 106%.

The 106% levy lid gave most taxing districts sufficient leeway to raise taxes without having to ask voters for extra taxing authority. In fact, political realities operated as a more stringent cap than did the levy lid — most taxing districts routinely increased their regular levy amount less than the full 106%. Many jurisdictions “banked” their excess capacity under RCW 84.55.092.

101% Levy Limitation

Initiative 747 reduced the 106% levy lid to a “101% levy lid.” Now, taxing districts with a population over 10,000 can increase the amount of their regular property taxes annually by the lesser of inflation or 101% of the highest levy in the three previous years (again, adjusted to account for new construction, improvements, and State-assessed property). Inflation can be expected to exceed one percent; consequently, the levy lid will likely be a flat 101%. Taxing districts with a population less than 10,000 are subject to a flat 101% limitation.

Drawing on “Banked” Levy Capacity

Because the cost of providing public services may rise more than one percent per year, the 101% levy lid places significant constraints on city and other jurisdictions’ budgets. To keep pace with rising costs, some jurisdictions can draw on amounts that they “banked” under RCW 84.55.092. Whether a jurisdiction with a population over 10,000 has banked capacity on which to draw depends, in the view of the State Department of Revenue, on whether the jurisdiction previously adopted resolutions or ordinances formally banking capacity. Although Referendum 47 did not explicitly amend the levy banking statute, in 1998 the Department of Revenue interpreted the referendum to require taxing districts of 10,000 or more population to adopt a resolution or ordinance to bank capacity, with supermajority council or board approval and a finding of substantial need.

¹ For taxing districts with a population of less than 10,000, the limit factor was 106%. RCW 84.55.005(2)(a).

Likewise, Initiative 747 did not repeal the levy banking statute and, therefore, jurisdictions can draw on banked amounts and can continue to bank excess capacity (although the amount that can be banked in the future will be very limited — no more than one percent per year). Jurisdictions that previously used their capacity, or jurisdictions over 10,000 or more population that did not adopt banking resolutions or ordinances, may need to seek voter approval.

Effect of a Levy Lid Lift

The effect of a levy lid lift is to increase the jurisdiction's tax levy "base" for the purposes of the 101% levy lid in future years.

Pursuant to RCW 84.55.050, a simple majority of voters can approve a "levy lid lift," allowing the taxing district to levy an amount approved by its voters up to the applicable statutory rate limitations. An election must be held no longer than 12 months prior to the date the levy lid lift is to begin. The ballot title must state the total dollar rate to be levied, which cannot exceed the maximum statutory dollar rate for the taxing district.

The new base can apply for a limited or unlimited period (except that if the levy lid lift was approved for the purpose of paying debt service on bonds, the new base cannot apply for longer than nine years). Voters can be asked to approve the increase in the levy for a specified or unspecified purpose.

If the levy lid lift was approved for a limited period or a specified purpose, upon expiration of applicable period or use, the new base will be computed as if the jurisdiction had levied the maximum under the 101% levy lid in the interim period (not including the levy lid lift), unless the ballot proposition specifies that the levy shall be calculated based on the maximum amount including the levy lid lift.

Prior to statutory amendments in 2003, the levy lid lift could only approve a boost in the jurisdiction's base for the next levy year. Further increases in this base (beyond the permitted one percent increase) again required voter approval. The statute was amended in 2003, however, to add a multi-year levy lid lift option (see below).

Consecutive Multi-Year Lid Lifts

As a result of the 2003 statutory amendments, jurisdictions can do consecutive lifts for up to six years. With a majority vote of its electors, a taxing district may lift its levy for the following year or for up to six consecutive years, within statutory rate limitations. In approving a multi-year (up to six years) levy lid lift, voters may approve the amount of the initial lift plus a growth factor (such as the consumer price index) for calculating the amount of increases in subsequent years. In subsequent levy years, the new levy amount is subject to the limit factor.

After the expiration of any limited purpose or limited duration specified in the levy lid lift, the levy is calculated as if the taxing district levied up to the limit factor in the interim period unless the ballot proposition authorizing the lid lift specifies that the levy shall be calculated based on the maximum allowable levy amount in the final year of the lid lift.

Most Washington taxing districts face new financial challenges. Facing these challenges, taxing districts may require a draw on banked capacity or may require voter approval in the form of a levy lid lift.² If you have any questions regarding these options, or the form of an ordinance authorizing a levy lid lift vote, please call any of our municipal finance attorneys at (206) 623-7580.

² Note that the Department of Revenue has informally advised jurisdictions that they cannot save banked capacity and instead do a levy lid lift. Department of Revenue staff has stated that a jurisdiction must first use its banked capacity before lifting to an amount above what was previously banked. Several jurisdictions have asked voters to approve lid lifts for specific purposes, rather than using their general banked capacity. This approach has not been formally addressed by rule or court.

LEVY LID-LIFTS

(RCW 84.55.050)

The following examples, explanations, and recommendations are intended to assist taxing districts in writing ballot titles authorizing increases over the levy limit outlined in chapter 84.55 RCW, also known as lid-lifts. Lid-lifts allow a district to increase its highest lawful levy by more than one percent. General statutory requirements for all lid-lift propositions include the following:

- Propositions must be approved by a majority of the voters voting at the election.
- Elections must be held no longer than 12 months prior to the date the levy is to be made.
- The ballot title must state the total dollar rate to be levied, which cannot exceed the maximum statutory dollar rate for the taxing district.

Lid-lifts can be broken into two types—temporary and permanent.

TEMPORARY LID-LIFTS

A temporary lid-lift allows a district to increase its highest lawful levy by more than one percent for a particular purpose or a specific time period, or both. RCW 84.55.050(1) requires that these conditions be stated clearly in the ballot title. Once the time period has expired or the limited purpose fulfilled, the levy is calculated as if the lid-lift had not been approved.

Limited Purpose

The following is an example of a ballot title for a temporary lid-lift for a specific purpose:

For the purpose of obtaining the necessary funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and increase the levy each year thereafter as allowed by chapter 84.55 RCW until said purpose has been accomplished?

RCW 84.55.050 does not require the ballot title to state the year the lid-lift will begin; however, the date is recommended for the purpose of clarity to anyone unfamiliar with the time requirements for lid-lifts. The sample ballot title also states that the purpose of the lid-lift is to obtain the necessary funds for the construction of a juvenile detention facility. This means that once the necessary funds have been obtained,

the lid-lift expires, and the levy calculations will be recalculated for the 2004 tax year, and every year thereafter, as if the lid-lift had not been approved.

Limited Time Period

A ballot measure for a temporary lid-lift that limits the time in which the lid-lift is to be in effect might appear as follows:

Shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and increase the levy as allowed by chapter 84.55 RCW for each of the five succeeding years?

This sample ballot title clearly states that the lid-lift will be for six years beginning with the 2004 tax year. The last year the lid-lift will be in effect is the 2009 tax year. The levy limit for the 2010 tax year will be calculated as if the lid-lift had not been approved.

Limited Purpose and Time Period

A district may also limit both the purpose and the time period for a lid-lift. The ballot title for this type of lid-lift might appear as follows:

For the purpose of obtaining the necessary funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and increase the levy as allowed by chapter 84.55 RCW for each of the five succeeding years or until said purpose has been accomplished, whichever is first?

The language in the sample ballot title indicates that the lid-lift will expire either after the sixth year or when the county obtains the necessary funds for the detention facility, whichever is first. In this particular ballot title, the county could be even more specific by stating the dollar amount needed to be raised for the facility's construction. It might appear as follows:

For the purpose of raising \$2,000,000 to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for the 2004 tax year and increase the levy as allowed by chapter 84.55 RCW for each of the five succeeding years or until said purpose has been accomplished, whichever is first?

Once the \$2,000,000 is raised or the six years expire, whichever is first, the levy will be calculated as if the lid-lift had not been approved.

Counties, Cities, and Towns: Setting the Limit Factor

For counties, cities, and towns, voters may also approve lid-lifts allowing the limit factor used in calculating the levy limit after the first year of the lid-lift to be greater than would otherwise be allowed under chapter 84.55 RCW. These temporary lid-lifts cannot be for more than six consecutive years and the ballot title must state the following:

- the rate to be levied in the first year
- the limit factor to be used each year after the first year of the lid-lift
- the purpose of the lid-lift

A ballot title of this type of lid-lift might look like the following:

For the purpose of obtaining funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and authorize annual increases in the levy amount by four percent, thereby setting the limit factor at 104 percent, for each of the five succeeding years?

In this example, although not required, the ballot title states that approval of the measure would authorize a four percent increase for each year's levy because many voters may not know what the phrase "limit factor" means.

Instead of stating the limit factor, a ballot title may specify a particular index to be used in determining the limit factor. RCW 84.55.050 uses the Consumer Price Index (CPI) as an example of such an index. In this case, a district might be *tempted* to write its ballot title as follows:

For the purpose of obtaining funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and authorize annual increases in the levy amount by the Consumer Price Index (CPI), thereby setting the limit factor at 100 percent plus the CPI, for each of the five succeeding years?

The problem with this ballot title is that it doesn't explain how the CPI will be used in determining the limit factor. It is important that this type of ballot title states how the specified index will be used in determining the limit factor. A correct ballot title might read as follows:

For the purpose of obtaining funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and authorize annual increases in the levy amount by the percentage change in the Consumer Price Index (CPI), thereby setting the limit factor at 100 percent plus the percentage change in the CPI, for each of the five succeeding years?

For this type of ballot title, the limit factor does not have to be the same for each year of the lid-lift. A ballot title setting different limit factors for different years might read as follows:

For the purpose of obtaining funds to construct a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and set the limit factor for 2005, 2006, 2007, 2008, and 2009 at 102 percent, 103 percent, 104 percent, 104 percent, and 104 percent respectively?

PERMANENT LID-LIFTS

Permanent lid-lifts are not limited by a particular purpose or time period; thus, the levy limitation is calculated each year after the first year of the lid-lift with a new base amount. A permanent lid-lift ballot title might read as follows:

Shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and increase the levy each year thereafter as allowed by chapter 84.55 RCW?

A ballot title for a permanent lid-lift may state a specific purpose; however, the purpose for the lid-lift should be ongoing. Such a ballot title might read as follows:

Shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004 and increase the levy each year thereafter as allowed by chapter 84.55 RCW for general county purposes?

Counties, Cities, and Towns: Setting the Limit Factor

Voters may also approve a permanent lid-lift that sets multiple limit factors for counties, cities, and towns. The ballot title for such a lid-lift might read as follows:

For the construction, maintenance, and operation of a juvenile detention facility, shall ABC County increase its current expense levy to \$1.80 per thousand dollars of assessed value for collection in 2004, authorize annual increases in the levy amount by four

percent, thereby setting the limit factor at 104 percent, for each of the five succeeding years, and increase the levy each year thereafter as allowed by chapter 84.55 RCW for general county purposes?

The final phrase of this ballot title, which states that the levy for each year after the six-year period will be increased as allowed by chapter 84.55 RCW, turns what would be a six-year temporary lid-lift into a permanent lid-lift.

Department of Revenue Taxpayer Assistance

PROPERTY TAX DIVISION

P. O. Box 47471
Olympia, Washington 98504-7471
(360) 570-5900



<http://dor.wa.gov>

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Prepared by the Taxpayer Services Division



Printed on recycled paper

FS0047 6/04

Levy Lid Lifts¹

With the passage of 2ESSB 5659 this year (Ch. 24, Laws of 2003, 1st Special Session), there are now two different approaches to a levy lid lift. They have different provisions and advantages. We will explain how to calculate how much you can raise from a levy lid lift and then discuss both types and how they work.

How Much Revenue Can You Raise from a Levy Lid Lift?

Start by calculating the difference between your current tax rate and the maximum guaranteed statutory rate. If you do not know your current rate, ask your assessor.

Maximum Statutory Tax Rate: **Cities**, along with counties, are senior taxing districts and their maximum tax rates differ, depending on whether they have a firemen's pension fund or whether they are annexed to a fire district and/or a library district.

The maximum regular property tax levy for most cities is \$3.375 per thousand dollars assessed valuation (AV). *RCW 84.52.043(1)(d)*. Some cities have a firemen's pension fund. (If you do not know whether you have one, you probably do not.) Those cities can levy an additional \$0.225 per thousand dollars assessed valuation, resulting in a maximum levy of \$3.60 per thousand dollars AV. *RCW 41.16.060*.

For cities that belong to a fire district and/or a library district, the rules are a little more complicated. Nominally they have a maximum rate of \$3.60 per thousand dollars AV. But, they can never collect that much because the levy of the special districts must be subtracted from that amount. *RCW 27.12.390 and RCW 52.04.081*. The library district levy has a maximum rate of \$0.50 per thousand dollars AV (*RCW 27.12.050*) and the fire district levy can be as high as \$1.50. *RCW 52.16.130, RCW 52.16.140, and RCW 52.16.160*. Therefore, if a city belongs to both a fire district and a library district, and if these districts are currently levying their maximum amount, then the local levy can be no higher than \$1.60 ($\$3.60 - .50 - 1.50 = \1.60).

For **counties**, the maximum regular property tax levy rate that may be imposed on real and personal property is \$1.80 per thousand dollars AV for its current expense or general fund, and \$2.25 per thousand dollars AV for its road fund. However, a county can raise its general fund levy rate up to \$2.475 per thousand dollars AV, provided the total of the levy rates for the general fund and road fund do not exceed \$4.05 per thousand dollars AV **and** the increase in the general fund levy does **not** result in a reduction in the levy of any other taxing district.

Multiply the difference between your maximum rate and current rate by your AV divided by 1000 because the tax rate is levied on each thousand dollars of assessed valuation, not each dollar.

Example. A city has a maximum tax rate of \$3.375 per thousand dollars. Its current rate is \$2.90 and its assessed valuation is \$100,000,000.

$$\$3.375 - 2.90 = \$0.475.$$

$$\$0.475 \times 100,000,000/1000 = \$47,500.$$

¹ We have a levy lid lift page on our Web site where we give examples of ordinances and other information. <http://www.mrsc.org/Subjects/finance/levylidlift.aspx>

\$47,500 is the maximum amount of **extra** revenue the city could get in its first year after doing a levy lid lift. Its total levy, if the vote on the lid lift is successful, would be \$337,500 compared to \$290,000 without the lift.

If the council is not be interested in that big an increase in the rate, multiply whatever rate increase they have in mind times your assessed valuation divided by 1000.

If you think you want to explore the idea of a levy lid lift further, what are your options?

Option 1: "Original flavor" lid lift. RCW 84.55.050, with the exception of new subsections (3)(b) and (e).

1. Purpose. It can be done for any purpose and the purpose may be included in the ballot title, but need not be. You could say it would be for hiring more firefighters, for additional money for general government purposes, or say nothing at all. In the latter case, by default, it would be for general government purposes. Stating a particular purpose may improve your chances of getting the voters to approve it.
2. Length of time of lid lift. It can be for any amount of time unless the proceeds will be used for debt service on bonds, in which case the maximum time period is nine years. Setting a specific time period may make the ballot measure more attractive to the voters. But, making it permanent means you can use the funds for ongoing operating expenditures without having to be concerned that you will have to go back to the voters for another lid lift.
3. After the first year, the jurisdiction's levy in future years is subject to the 101 percent lid. This is the maximum amount it can increase without returning to the voters for another lid lift.
4. If the lift is for a specific number of years, the base levy for future years after the lid lift ends will be set at what the base would have been, if the lid lift had not taken place. RCW 84.55.050(4).
5. The election can take place on any election date listed in RCW 29.13.010.

Option 2: Multiple year lid lift. RCW 84.55.050, as amended by 2ESSB 5659, Ch. 24, Laws of 2003, 1st Special Session. See subsections (3)(b) and (e), in particular.

1. Purpose. It can be done for any purpose, but the purpose must be stated in the title of the ballot measure and the new funds raised may not supplant current spending for that purpose.
2. Length of time of lid lift. Six years maximum.
3. The levy can be increased for each of those six years by some amount stated in the ballot title. This can be a dollar amount, a percentage increase amount tied to an index such as the CPI, or percentage amounts just arbitrarily set. Of course, if the amount of the increase for a particular year would require a tax rate that is above the maximum tax rate, the assessor will only levy the maximum amount allowed by law.
4. The legislative body may choose to put language in the ballot title, saying that at the end of the period of the lift, the base for future year increases will be the base during the last year of the lid lift. This contrasts with the provision in the RCW 84.55.050(4) that puts the base back to what it would have been without the lift.
5. The election date must be the September primary or the November general election.

So, which is the best option?

As usual, of course, it depends. The requirement in the 2ESSB 5659 legislation that the purpose must be stated makes it less flexible than the “original flavor” version. This may be true more in theory than practice, however, because we know of only one city that has successfully passed a ballot measure where they did not specify the use of the funds. (We don’t mention counties in this example because we do not know of any county that has done a lid lift other than King County’s small recent lid lift for parks. Please let us know if you have done one.)

The requirement that there be no supplanting in expenditures is more restrictive. It certainly is attractive to have the opportunity to do a levy lid lift for a popular program, such as public safety, and then use part of the money that would have been spent on that program for, say, a new computer system. One presumes, however, that citizens believe there will be no supplanting even when the statutes do not prohibit it and that they will require some accounting from government officials.

If you use the CPI as the inflator in a multi-year lid lift, which index should you choose?

There are all sorts of consumer price indices. **It is absolutely crucial that you correctly identify the one you want to use in your ballot measure.** The considerations are the same as choosing a consumer price index for a labor contract. The Bureau of Labor Statistics has a Web site that will help you make that decision. <http://www.bls.gov/cpi/cpi1998d.htm>. Figure out when you will want the information for budgeting purposes on how much your property tax levy can be increased. Then make certain that the CPI index you have chosen will be available by that date.

The U.S. CPI figures are available monthly with a lag of about two and a half weeks. For example, the April statistics are published around May 19 or so. The Seattle-Tacoma-Bremerton CPIs are published bimonthly for even-numbered months. The February numbers are published in mid-March, to give one example. The Portland-Salem indices are only published twice a year. The second half of 2003 is published in mid-February and the first half of 2004 in mid-August.

What election date should you choose?

If you are doing a lid lift under the provisions of 2ESSB 5659, you are limited to either the September primary or the November general election. For lid lifts under the “old” provisions of RCW 82.55.050, you have more choices.

There are a number of considerations here. Your election date will determine (assuming the ballot measure is passed) when you will get your first tax receipts. Taxes levied in November are first due on April 31 of the following year. Therefore, to receive taxes next year from a levy you are discussing during the current year, your election can be no later than November. We know of some councils that first began thinking of a levy lid lift in October 2002 last year, during budget discussions for 2003. By that time it was too late to get any measure on the November ballot. Your county auditor must receive your ordinance or resolution 45 days before the date of the election. **It pays to plan ahead.**

Councils and commissions should ask around to find out what other elections will be coming up during the coming year. You may not want to go head-to-head with a school levy election or a voted bond issue.

What are the rules for what can and cannot be done to support or oppose ballot propositions?

You will probably find the information in following articles helpful.

“Use of Public Facilities to Support or Oppose Ballot Propositions.” Prepared by MRSC Legal Staff.
<http://www.mrsc.org/subjects/finance/695/pubfac-pwm.aspx>.

“What Can and Can’t Local Government Officials and Employees Do to Support or Oppose an Initiative Measure.” [Editor: the information applies to any ballot measure.] Prepared by MRSC Legal Staff.
<http://www.mrsc.org/subjects/finance/695/qanda-pwm.aspx>.

It is very important that you be cautious in what you do. Our legal staff can give you some advice. In years past, the Public Disclosure Commission was willing to review any information pamphlets that municipalities produced. However, the commission is awaiting a decision in a lawsuit before the Washington State Supreme Court and they are currently not providing this service.



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

October 9, 1998

TO: All Interested Parties

FROM: Sandra G. Guilfoil, Assistant Director
Property Tax Division

SUBJECT: LEVY CAPACITY OF TAXING DISTRICTS

Referendum 47 made some significant changes to the process a taxing district must use to increase revenue from property tax collections. The Department has received a number of questions about how this legislation modified the process and the protection of levy capacity. Following our initial interpretation, the Department made additional inquiries to members of the Legislature, Legislative staff, and other interested parties for further clarification.

This memorandum includes a description of the issue and our interpretation of Referendum 47, as it applies to that issue.

Issue

While several new statutes were enacted by Referendum 47, RCW 84.55.092 *Protection of future levy capacity* was not amended. The issue involves districts with populations of 10,000 or more. Can these districts pass a resolution under Section 204 of Referendum 47 (RCW 84.55.0101) with a finding of substantial need for money in excess of the rate of inflation, levy something less than this amount, and protect that unused levy capacity for future years?

An example may be useful:

District Population:	15,000
Implicit Price Deflator (inflation):	2%
Previous Highest Lawful Levy:	\$100,000

The district submits a budget in 1998 asking for a levy of \$104,000 (4% increase). The first resolution (Section 209 of the Referendum; RCW 84.55.120) is passed showing the dollar and percentage increase above the previous year's levy. The second resolution (Section 204 of the Referendum; RCW 84.55.0101), passed by a super-majority vote of the governing board of the district, states the substantial need for a six percent increase

LEVY CAPACITY OF TAXING DISTRICTS

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due to the need for "additional money to support the operation of a new jail slated for future development".

Year	Highest Lawful Levy	Amount of Actual Levy
1997	\$100,000	\$100,000
1998	\$106,000	\$104,000

Question: Has the district protected its highest lawful levy in 1998 at \$106,000 or \$104,000?

Analysis

RCW 84.55.120 was amended by Referendum 47 to say in part:

"No increase in property tax revenue, other than that resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution may cover a period of up to two years, but the ordinance shall specifically state for each year the dollar increase and percentage change in the levy from the previous year."

RCW 84.55.005 defines "Limit Factor" to mean:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred six percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor authorized under that section or one hundred six percent;

(c) For all other districts, the lesser of one hundred six percent or one hundred percent plus inflation;

RCW 84.55.0101 says in part:

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one

LEVY CAPACITY OF TAXING DISTRICTS

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hundred six percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

It is clear that any district, regardless of its size, must pass a separate resolution to increase its levy above the previous year (other than the increase due to new construction, improvements to property and increase in the value of state assessed property, hereinafter referred to as "add-ons"). It is also clear that districts with a population below 10,000 may protect levy capacity for future years at a six percent increase with the adoption of an ordinance or resolution under RCW 84.55.120 (Section 209 of the Referendum) levying something less than a six percent increase.

The question is whether a large district (with 10,000 or more in population) may identify a future need for additional money and protect the "highest lawful levy" at an amount above that which is actually levied in the current year. Prior to the passage of Referendum 47, RCW 84.55.092 allowed taxing districts to voluntarily take less than a six percent increase in their levies, and yet retain the levy capacity at six percent under most circumstances. It is our opinion that the changes to chapter 84.55 RCW created by Referendum 47 have amended the meaning of RCW 84.55.092 even though the specific text of this statute was not changed. We believe a district cannot lawfully increase its levy except for add-ons without adopting a resolution. The "full amount allowed under this chapter" (RCW 84.55.092) is determined by the adoption of a resolution or ordinance. Without it the "full amount allowed" is the increase for add-ons.

Additionally, large districts can only increase their levy beyond the rate of inflation with the adoption of a second resolution by a super-majority of the governing board, which identifies a "substantial need" for additional money. The "full amount allowed under this chapter" is determined by the adoption of a resolution/ordinance that is based on substantial need. "Substantial need" is not defined by this legislation. It is our opinion that determination of substantial need is unique and specific to the governing bodies of any jurisdiction and the taxpayers they represent. The public process required in the adoption of any resolution serves as notification to the taxpayers of the district that there is need for funding in excess of the rate of inflation. The need may not be immediate but if levy capacity is not protected for the future need, the district would have to increase its current budget and set aside the money for use in later years. The purpose of RCW 84.55.092 is to prevent districts from having to levy currently in order to not lose levy capacity. Rather than levying the money now and setting the funds aside, this statute allows the district to protect the capacity to levy while not requiring the actual levy to be done until the time of need. This protection is only authorized when the governing

LEVY CAPACITY OF TAXING DISTRICTS

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board of the district has held a public hearing and adopted a resolution or ordinance stating the district's substantial need to do so.

Conclusion

It was the stated intent of Referendum 47 "...to lower the one hundred six percent limit while still allowing districts to raise revenues in excess of the limit..." (Section 208 of the Referendum). Districts can no longer automatically "bank" their levy capacity. Rather, the district must now pass a resolution/ordinance through a public hearing in order to do so. Districts with a population at or above 10,000 can "bank" levy capacity at the rate of inflation by passing one resolution/ordinance. Large districts that demonstrate substantial need by passing a resolution/ordinance by a super-majority of the governing board can also protect levy capacity above the rate of inflation up to a maximum of six percent. The actual capacity that is protected must be stated in the resolution/ordinance.

SGG:slc



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

OFFICE OF THE DIRECTOR

P.O. Box 47450 • Olympia, Washington 98504-7450 • (360) 733-5574 • FAX (360) 586-5543

October 12, 1998

Mr. Pat Jones, Executive Director
Washington Public Ports Association
Post Office Box 1518
Olympia, WA 98507-1518

Dear Mr. Jones:

The Department of Revenue has recently been asked a number of questions by taxing districts regarding RCW 84.55.092 *Protection of future levy capacity*. When adopted, this statute eliminated the "use it or lose it" feature of levies by removing the incentive for a taxing district to maintain its tax levy at the maximum level permitted by law. As you recall, we recently sent a memo to members of the Legislature and others seeking views on the best interpretation of this law in light of the changes brought about by Referendum 47.

We have received correspondence counseling the Department to interpret this law in a variety of ways. One fact seems clear from the letters received: the levy capacity issue was not specifically considered in Referendum 47 bill drafts, bill reports, committee action, or floor debates. We have been told the issue was neither thought of nor talked about. Nevertheless, RCW 84.55.092 is affected by a number of Referendum 47's provisions even though it was not amended by the Referendum.

The enclosed memorandum articulates the advice we will be giving to taxing districts. In arriving at our interpretation, we have tried to harmonize the purpose of RCW 84.55.092 (which is to minimize tax levies by eliminating the incentive to maintain a district's maximum levy) with Referendum 47's intent which also is to reduce property taxes.

To summarize our interpretation, we believe future levy capacity may be protected in situations where a taxing district chooses to levy less than the full amount it may lawfully levy. However, for those taxing districts with a population in excess of 10,000, levy capacity in excess of inflation may only be protected upon a finding of substantial need pursuant to the super-majority voting requirements imposed by Referendum 47.

Mr. Pat Jones
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We realize there may be interest in clarifying this issue legislatively during the 1999 Session. We would be happy to work with you to draft whatever legislation may be appropriate.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in dark ink, appearing to be 'F. Kiga'.

Frederick C. Kiga
Director

Enclosures

October 12, 1998

Levy Capacity of Taxing Districts letter and memo was sent to the following:

Senator Dan McDonald, Washington State Senate
Senator George Sellar, Washington State Senate
Senator Sid Snyder, Washington State Senate
Senator James West, Washington State Senate
Senator Harriet Spanel, Washington State Senate
Senator Karen Fraiser, Washington State Senate
Senator Dan Swecker, Washington State Senate
Terry Wilson, Ways and Means Committee
Representative Clyde Ballard, Washington State House of Representatives
Representative Barbara Lisk, Washington State House of Representatives
Representative Frank Chopp, Washington State House of Representatives
Representative Brian Thomas, Washington State House of Representatives
Representative Hans Dunshee, Washington State House of Representatives
Representative Gary Alexander, Washington State House of Representatives
Robert Longman, House Finance Committee
Assessor Gail Rauch, Snohomish County Assessor
Fred Saeger, Washington Association of County Officials
Nick Handy, Port of Olympia
Pat Jones, Washington Public Ports Association
Ron Rosenbloom, Association of Washington Cities
Faith Trimble, Association of Washington Cities

THE BALLOT— Excess Levies

Assessors can exceed the statutory limits only when the voters specifically approve such a measure. Voter-approved property taxes are termed "excess" or "special" levies. These levies are approved in terms of total dollars and are generally for only one year but can be for two to six years with respect to school districts and fire protection districts and for as many as 30 years with respect to bond retirement levies. Each year the assessor determines the rate necessary to raise the amount of money approved in the current year and in previous years and adds those rates to the regular levy rate.

RCW 84.52.054 Excess levies – Ballot contents – Eventual dollar rate on tax rolls. *The additional tax provided for in Article VII, section 2 of the State Constitution, and specifically authorized by RCW 84.52.052, 84.52.053, 84.52.0531, and 84.52.130, shall be set forth in terms of dollars on the ballot of the proposition to be submitted to the voters, together with an estimate of the dollar rate of tax levy that will be required to produce the dollar amount; and the county assessor, in spreading this tax upon the rolls, shall determine the eventual dollar rate required to produce the amount of dollars so voted upon, regardless of the estimate of dollar rate of tax levy carried in said proposition. In the case of a school district or fire protection district proposition for a particular period, the dollar amount and the corresponding estimate of the dollar rate of tax levy shall be set forth for each of the years in that period. The dollar amount for each annual levy in the particular period may be equal or in different amounts. [2007 c 54 § 27]*

More information about voter approved levies can be found in the Department's online [Ballot Measure Requirements for Voted Property Tax Levies](#) publication.

4.4 Levy Limit (101 Percent Limit)

The legislature introduced the levy limit in the 1970s, restricting the growth of regular levies. As a result, the passage of Initiative 747 in 2001, reduced the allowable annual increases in levy amounts from six percent to one percent. The King County Superior Court found Initiative 747 unconstitutional in June 2006. During the 2007 special legislative session, HB 2416 reinstated the one percent levy limit for taxing districts. [Chapter 84.55 RCW](#) details this limitation. Two key sections are as follows:

RCW 84.55.010 Limitations prescribed. *(1) Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, excluding any increase due to (e) of this subsection, unless the highest levy was the statutory maximum rate amount, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:*

- (a) New construction;*
- (b) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;*
- (c) Improvements to property;*

(d) Any increase in the assessed value of state-assessed property; and

(e) Any increase in the assessed value of real property, as that term is defined in RCW [39.114.010](#), within an increment area as designated by any local government in RCW [39.114.020](#) provided that such increase is not included elsewhere under this section. This subsection (1)(e) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

(2) The requirements of this section do not apply to:

(a) State property taxes levied under RCW [84.52.065](#)(1) for collection in calendar years 2019 through 2021; and

(b) State property taxes levied under RCW [84.52.065](#)(2) for collection in calendar years 2018 through 2021.

[IESHB 1189, 2021 Regular Legislative Session](#)

RCW [84.55.0101](#) Limit factor -- Authorization for taxing district to use one hundred one percent or less -- Ordinance or resolution. Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred one percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

[2007 sp.s. c 1 § 2; 1997 c 3 § 204 (Referendum Bill No. 47, approved November 4, 1997).]

The Legislature enacted RCW [84.55.092](#) in the late 1980s, allowing the levy limit for districts other than the state to be based on the highest amount that assessors could have levied since 1985 and 1986. This act provided districts with the ability to “bank capacity,” removing an incentive to always increase their levy by the six percent available under statute at the time.

LEVY LIMIT CALCULATION— 101 Percent

In most instances, the assessor completes the calculation of the levy limit. The statutes authorize a very limited number of taxing districts to compute their own levy limit and rate. Without passage of a resolution/ordinance, taxing districts are allowed to levy only as much as in the preceding year, plus an amount for new construction, improvements to property, newly constructed wind turbines classified as personal property, solar, biomass, geothermal facilities, if the facility is not state assessed, increases in the value of state-assessed property, and increases in value within a local tax increment financing area. The population of the taxing district and the implicit price deflator (IPD) dictates the number and types of resolutions or ordinances required to use the 101 percent limit factor.

Taxing Districts with a Population of Less than 10,000

Unless a taxing district adopts a resolution/ordinance, the amount levied in the current year may not exceed the amount levied in the preceding year plus additional funds for new construction,

improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, increases in the value of state-assessed property, increases in value within a local tax increment financing area, annexations, and refunds. By adopting a resolution/ordinance, the district is allowed to increase its highest lawful levy by one percent and increase their prior year's amount actually levied by the lesser of the percentage increase or dollar amount stated in the resolution/ordinance. A majority of the governing board of the district must pass the resolution/ordinance. Adoption of the resolution/ordinance also allows the district to bank levy capacity.

Taxing Districts with a Population of 10,000 or More

Again, without adoption of a resolution/ordinance, a taxing district's current levy is limited to the amount levied in the preceding year plus additional funds for new construction, improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, increases in the value of state assessed property, increases in value within a local tax increment financing area, annexations, and refunds. Adoption of a resolution/ordinance allows the district to increase its highest lawful levy by the lesser of one percent or the rate of inflation as measured by the IPD and increase their prior year's amount actually levied by the lesser of the percentage increase or dollar amount stated in the resolution/ordinance. A separate resolution/ordinance stating the district's substantial need is required to increase the levy above the IPD, but no more than one percent.

By adopting a resolution/ordinance, the district is allowed to increase its levy or bank levy capacity up to the lesser of one percent or the IPD. The increase is calculated on the highest lawful levy of the district since 1985. The highest lawful levy since 1985 does not include the additional levy capacity due to increases in value within a local tax increment financing area. The resolution/ordinance must state both the dollar and percentage increases above the amount levied in the preceding year, and a majority of the governing board of the district must pass it.

Because the limit factor for local taxing districts with a population of 10,000 or more is the lesser of 101 percent or 100 percent plus inflation (inflation is defined as the percentage change in the IPD), a negative change in the IPD would result in a limit factor of less than 100 percent. For example, if the percentage change in the IPD were -1.0 percent, the limit factor would be 100 percent less -1.0 percent for a limit factor of 99 percent.

To increase its levy or bank levy capacity above the IPD, the district must demonstrate substantial need and adopt a separate resolution/ordinance. With adoption of this second resolution/ordinance, their highest lawful levy since 1985 may be increased up to one percent. The resolution/ordinance must state the nature of the substantial need and the percentage increase, and a supermajority (60 percent) of the governing board of the district must pass it. The two resolutions/ordinances work together. Districts increasing their levies above the IPD should state the total dollar and percentage increases in their resolution/ordinance.

Example #1 — Population of Taxing District is LESS than 10,000

Amount levied in preceding year:	\$200,000
Highest lawful levy since 1985:	\$200,000
Current levy request certification:	\$220,000

The following resolution/ordinance was passed by a majority of the district's governing board:

Whereas, the Board of Commissioners of _____ Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, determined that _____ Taxing District requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction and improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, and any increase in the value of a local tax increment finance area any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the district and in its best interest; now therefore, be it

Resolved, by the Board of Commissioners of _____ Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, any increase in the value of state assessed property, and any increase in the value of a local tax increment finance area is hereby authorized for the levy in the amount of \$5,000 which is a percentage increase of 2.5 percent from the previous year.

The levy is calculated as follows:

Step 1	Multiply:	Highest lawful levy since 1985	\$ 200,000
		x 101% to increase by 1%*	<u>x 101%</u>
	Product		\$ 202,000
Step 2	Add:	New Construction	
		x last Year's Levy Rate	\$ 5,000
Step 3	Add:	Increase in state-assessed property	
		x last year's levy rate	\$ 1,000
Step 4	Add:	Increment value (increase in LTIF area)	
		x last year's levy rate	<u>\$ 10,000</u>
		Maximum allowable levy	\$ 218,000
		Lesser of maximum allowable levy and <i>the certified request amount</i>	\$ 218,000
		<i>Highest Lawful levy for current year**</i>	\$ 218,000
		<i>New highest lawful levy since 1985 (does not include LTIF increase)</i>	\$ 208,000

**As referenced above, when the district's population is less than 10,000 and they adopt a resolution authorizing an increase over the prior year's levy, the limit factor applied to their highest lawful levy is 101 percent. The percentage and dollar increase stated in their resolution/ordinance is applied to the amount of funds they actually levied in the prior year.*

***Assuming the statutory maximum rate limit is greater \$218,000.*

Example #2 — Population of Taxing District is MORE than 10,000

Amount levied in preceding year: \$510,000

Highest lawful levy since 1985: \$510,000

Current levy request certification: \$590,000

Implicit Price Deflator: 0.85%

The following resolution/ordinance was passed by a majority of the district's governing board:

Whereas, the Board of Commissioners of _____ Taxing District, after hearing and after duly considering all relevant evidence and testimony presented, determined that _____ Taxing District requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction and improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, any increase in the value of state-assessed property, and any increase in the value of a local tax increment finance area in order to discharge the expected expenses and obligations of the district and in its best interest; now therefore, be it

Resolved, by the Board of Commissioners of _____ Taxing District that an increase in the regular property tax levy, in addition to the increase resulting from the addition of new construction and improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, any increase in the value of state assessed property, and any increase in the value of a local tax increment finance area is hereby authorized for the levy in the amount of \$2,550 which is a percentage increase of .5 percent from the previous year.

A resolution showing substantial need was passed by a super-majority of the governing board:

Whereas, the Board of Commissioners of _____ Taxing District has determined that, due to (substantial need) the Board of Commissioners finds that there is a substantial need to increase the budget by 1 percent and to set the levy limit factor at 101 percent in the event this levy capacity is needed in future years.

The levy is calculated as follows:

Step 1	Multiply:	Highest lawful levy since 1985	\$ 510,000
		x 101% to increase by 1%	<u>x 101%</u>
	Product		\$ 515,100
Step 2	Add:	New construction	
		x last year's levy rate	\$ 25,000
Step 3	Add:	Increase in state-assessed property.	
		X last year's levy rate	\$ 10,000
Step 4	Add:	Increment value (increase in LTIF area)	
		x last year's levy rate	<u>\$ 30,000</u>
		Maximum allowable levy	\$ 580,100
		Lesser of max. allowable levy and the certified levy request amount	\$ 580,100

Highest lawful levy for current year*	\$ 580,100
New highest lawful levy since 1985 (does not include LTIF increase)	\$ 550,100

*Assuming the statutory maximum rate limit is greater \$580,100.

Because the resolution/ordinance demonstrating substantial need sets the levy limit factor at 101 percent, the highest lawful levy for the current year is calculated based on that percentage. This is important for determining future years' levies. In this manner, the district is able to bank excess levy capacity.

RCW 84.55.015 Restoration of regular levy. *.(1) If a taxing district has not levied for the last seven calendar years and elects to restore a regular property tax levy, then the amount of the first restored levy must result in a tax rate that does not exceed the statutory rate limit applicable to the taxing district's regular property tax levy.*

(2) If a taxing district has not levied for the last six or fewer calendar years and elects to restore a regular property tax levy, then the first restored levy must not exceed the maximum levy amount allowed by the levy limit that would have been imposed had the taxing district continuously levied.

[HB 1303 2023 Regular Session]

4.4.1 Effect of Boundary Changes on Levy Limit Calculations

Annexations:

RCW [84.09.030](#)

RCW [84.55.030](#)

WAC [458-19-035](#)

Consolidations and Mergers:

RCW [84.09.030](#)

RCW [84.55.020](#)

WAC [458-19-030](#)

Functionally consolidated port districts:

[EHB 1663](#), 2023 Legislation

Newly formed taxing district:

RCW [84.09.030](#)

RCW [84.55.035](#)

WAC [458-19-040](#)

4.4.2 Levy Limit Lid-Lift

RCW [84.55.050](#) -- Election to Authorize Increase.

As a district applies the levy limit to its budget over the years, the allowable rate a district can levy on taxpayers tends to drift downward from the maximum statutory levy rate. Occasionally, a district will need to raise the levy limit in order to increase funds. A district may ask its voters to authorize it to levy an amount that exceeds the limit factor or "lift the one percent levy lid." Lid lifts may result in increasing the limit factor for one year or up to six consecutive years. The result of the limit factor increase can temporarily or permanently impact future levy limit calculations.

Lid lifts may have specific conditions such as:

- Using the final lid lift levy amount for the purpose of computing subsequent levy limits (aka a permanent levy lid lift).
- Limiting the number of years the increased levy capacity will be used.
- Limiting the purpose that the additional levy capacity will be used for.
- Set the levy rate to be used in the first year of the lid lift at a rate less than the district's statutory maximum levy rate.
- Taxpayers who qualify for a senior citizen/disabled person exemption (RCW 84.36.381) may be exempt from the increased levy if the lid lift is for a county or city levy.

BALLOT MEASURES

A taxing district that wants to levy an amount in excess of the levy limit factor must first receive approval by a majority of the district's voters. Slightly different provisions apply depending on whether the limit factor will be exceeded for a single year lid lift, or multiple year lid lifts, up to six consecutive years.

Single Year Lid Lift:

- Allows a district to exceed the limit factor one time.
- Requires approval of a simple majority of voters.
- May be voted at a special or general election.
- Must be approved not more than 12 months prior to when the lid lift will be imposed.
- The ballot must contain the dollar rate imposed by the district for the first year of the lid lift.
- Is temporary unless the ballot specifically states the final levy will be used for future levy limit calculations.
- The ballot of the proposition may place one or more of the following conditions on the lid lift:
 - The last levy under the lid lift will be used when calculating subsequent year's limitations. This makes the levy increase permanent.
 - Limit the numbers of years the district will carry forward the increased levy capacity.
 - Limit the purpose the district will use the increased levy capacity for. If the district is using the increase for bond redemption payments, it cannot make the increased levy

for more than nine years. The exception is the county in which the state capital is located, Thurston County, they may use the increased levy capacity for a maximum of 25 years.

- Set the first year's levy rate at a rate less than the statutory maximum rate.
- Provide an exemption for the increased levy capacity to taxpayers who qualify for an exemption under RCW 84.36.381, Senior Citizen/Disabled Person exemption. Only cities, towns, and counties may use this condition.

Multiple Year Lid Lift:

- Allows a district to exceed the levy limit factor up to six times in consecutive years.
- The ballot proposition must contain the dollar rate imposed by the district for the first year of the lid lift.
- The ballot proposition must contain the limit factor(s) or specific index(es) used to determine the limit factor for years two through six of the lid lift.
- Requires approval of a simple majority of voters.
- May be voted at a primary or general election.
- Must be approved not more than 12 months prior to the first year of the lid lift.
- The title of the ballot must contain the limited purpose for the increased levy.
- Is temporary unless the ballot specifically states the final levy will be used for future levy limit calculations.
- Counties can use funds raised to supplant existing funds beginning with levies voters approved after July 26, 2009. In counties with a population of 1.5 million or more, they can use funds raised to supplant existing funds for levies voters approved after July 26, 2009, through December 31, 2011, and January 1, 2015, through December 31, 2022.
- The ballot proposition may place one or more of the following conditions on the lid lift:
 - The last levy under the lid lift will be used when calculating subsequent year's limitations. This makes the levy increase permanent.
 - Limit the numbers of years the district will carry forward the increased levy capacity.
 - Limit the purpose the district will use the increased levy capacity for. If the district is using the increase for bond redemption payments, it cannot make the increased levy for more than nine years. The exception is the county in which the state capital is located, Thurston County, they may use the increased levy capacity for a maximum of 25 years.
 - Set the first year's levy rate at a rate less than the statutory maximum rate.
 - Provide an exemption for the increased levy capacity to taxpayers who qualify for an exemption under RCW 84.36.381, Senior Citizen/Disabled Person exemption. Only cities, towns, and counties may use this condition.

CALCULATION OF LEVY LIMIT AFTER ADOPTION OF A LID LIFT

Once voters approve the single year or multiple year levy lid, the assessor will proceed with the levy limit calculation as follows:

Single Year or Multiple Year Lid Lift – Temporary Increase

With a temporary lid lift, the integrity of the levy limit calculation must remain intact. When a temporary lid lift expires, based on terms of the proposition, the starting point for calculating the levy limit in future years will be the amount allowed to the district as though a lid lift never occurred. To maintain a "pure" levy limit figure each year a temporary lid lift is in effect, follow the steps below:

Step 1 – First Year of Lid Lift:

1. Calculate both the levy limit amount and the maximum statutory rate amount as if the lid lift *had not occurred*. The levy limit calculation is made as if the district levied the maximum amount allowed under chapter 84.55 RCW during the year(s) of the levy lid lift. In other words, the limit factor would be:
 - 101 percent for districts with a population less than 10,000
 - 100 percent + IPD for districts with a population 10,000 or more, not to exceed 101 percent; or
 - The limit factor stated in the district's substantial need resolution, if they adopted one, but not more than 101 percent, for district with a population of 10,000 or more.
2. The LESSER of the levy limit and the statutory levy in Step 1 is what the district could have levied if the voters had not approved the lid lift.
3. Compare the LESSER of the limitations in Step 2 to the levy's highest lawful levy since 1985 and carry forward the GREATER of those two amounts to the subsequent levy calculations.

Step 2 – First Year of Lid Lift:

1. Calculate the levy amount based on the levy rate approved by the voters.
2. Calculate the levy amount based on the district's statutory maximum levy rate.
3. Compare these two levy amounts to the district's certified levy request.

The LESSER of these three levy amounts is the maximum amount of the levy.

The Department has interpreted the voter approved levy rate satisfies the requirement in RCW [84.55.120\(3\)\(a\)](#), resolution/ordinance authorizing an increase compared to the district's prior year's levy as this resolution or ordinance plays a factor in determining the levy's limit factor that has been exceeded by the voters.

Step 3 – Levy Calculations if the Lid Lift Expired After the First Year:

1. Calculate the subsequent levy limitations as if the lid lift had never occurred. Use the highest lawful levy from Step 1, No. 3. Use the levy rate that would have been levied if the lid lift had not occurred, not the prior year's certified levy rate, to increase the addition of new

construction and improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, and any increase in the value of state-assessed property.

Step 4 – Levy Calculations if the Lid Lift Continues After the First Year:

1. Repeat Step 1, No. 1, 2, and 3, to determine the maximum levy that could have been levied without the lid lift since this is a temporary lid lift.
2. Calculate all the levy limitations using the highest lawful levy and certified levy rate from the prior year, with the lid lift.
3. Carry forward the lesser of the limitations from the prior step to the \$5.90 and Constitutional 1 percent aggregate limitation.
4. Continue Steps 3 and 4 until the lid lift expires.

Single Year Lid Lift – Permanent Increase

Step 1 – First Year of Lid Lift:

1. Calculate the levy amount based on the levy rate approved by the voters.
2. Calculate the levy amount based on the statutory maximum levy rate.
3. Compare these two levy amounts to the district's certified levy request. The LESSER of these three levy amounts is the maximum amount of the levy.

The Department has interpreted the voter approved levy rate satisfies the requirement in RCW [84.55.120](#)(3)(a), resolution/ordinance authorizing an increase compared to the district's prior year's levy.

Step 2 – Year Following the Lid Lift:

1. Calculate the levy limitations based on the prior year's levy limitations just like normal.

Multiple Year Lid Lift – Permanent Increase

Step 1 – First Year of Lid Lift:

1. Calculate the levy amount based on the levy rate approved by the voters.
2. Calculate the levy amount based on the statutory maximum levy rate.
3. Compare these two levy amounts to the district's certified levy request.

The LESSER of these three levy amounts is the maximum amount of the levy.

The Department has interpreted the voter approved levy rate or limit factor satisfies the requirement in RCW [84.55.120](#)(3)(a), resolution/ordinance authorizing an increase compared to the district's prior year's levy as this resolution or ordinance plays a factor in determining the levy's limit factor that has been exceeded by the voters .

Step 2 – Years Following the Initial Lid Lift:

1. Increase the levy's highest lawful levy since 1985 by the limit factor approved by the voters. This may be for up to five years after the initial lid lift year.
2. Proceed normally with the levy limitation calculations and levy the LESSER of the limitations.

The Department has interpreted the voter approved limit factor satisfies the requirement in RCW [84.55.120\(3\)\(a\)](#), resolution/ordinance authorizing an increase compared to the district's prior year's levy as this resolution or ordinance plays a factor in determining the levy's limit factor that has been exceeded by the voters.

Lid lifts that provide for an exemption under RCW 84.36.381(temporary or permanent)

For the first year of the levy lid lift, you may find it helpful to prepare the *First Year Lid Lift Calculations with an Exemption* worksheet. This worksheet consists of four steps:

1. Calculate the levy amount and rate as if the voters did not approve the levy lid lift.
2. Calculate the levy amount based on the rate approved by the voters.
3. Calculate the total levy amount for the levy. This is the levy amount to be collected from property exempt from the lid lift and property subject to the lid lift.
4. Calculate the levy rates to be applied to the property that is exempt from the lid lift and the property that is subject to the lid lift. You will use the greater of these two levy rates when reviewing the \$5.90 and Constitutional 1 percent aggregate levy limits.

It is very important to ensure you are using the correct taxable values when determining the levy rates and levy amounts for property either subject to the lid lift or exempt from the lid lift. You will need to determine the taxable value of the district as if the lid lift with the exemption had never occurred and the taxable value subject to the lid lift increase. The difference between these two taxable values is the taxable value subject to the district's levy as if the lid lift had not occurred.

Let's say the voters approved a single-year levy lid lift setting the levy rate at \$1.45 per \$1,000 assessed value, with a condition exempting property qualifying for an exemption under RCW 84.36.381 from the increased levy capacity. Let's take a look at what the levy calculation will look like using the following facts:

- Taxable value of the district - \$3,200,000,000.
- \$500,000,000 of the taxable value qualifies for an exemption under RCW 84.36.381.
- District's prior year levy and highest lawful levy since 1985 - \$4,000,000.
- District's current years certified levy request - \$6,000,000.
- District passed an ordinance authorizing an increase in their levy, \$2,000,000 or 50 percent.
- District's population is less than 10,000.
- District's statutory maximum levy rate \$1.80 per \$1,000 assessed value.

- There is no new construction, increase in state assessed utility value, or LTIF increase for this assessment year

Step 1:

Complete the levy calculations as if the lid lift had never occurred to determine the levy rate that will apply to property receiving an exemption under RCW 84.36.381:

- Determine the levy's levy limit by increasing the highest lawful levy by the 101 percent limit factor:
 - $\$4,000,000 * 101\% = \$4,040,000$
- Determine the statutory maximum levy amount:
 - $\$3,200,000,000 * 1.80/1000 = \$5,760,000$
- Determine the levy amount authorized by the district's ordinance increasing their property tax over the prior year's property tax:
 - $\$4,000,000 + \$2,000,000 = \$6,000,000$
- Compare the prior three levy amounts to the district's certified levy request, \$6,000,000, and calculate a levy rate based on the lesser levy amount. This is the levy rate that will be applied to the property exempt from the levy lid lift:
 - $\$4,040,000 / \$3,200,000,000 * \$1,000 = \1.2625 per \$1,000 assessed value

Step 2:

Determine the levy amount approved by the voters using the taxable value subject to the lid lift:

$$(\$3,200,000,000 - \$500,000,000) * \$1.45 / \$1,000 = \$3,915,000.$$

Step 3:

Determine the amount of taxes the levy will generate from the property subject to the lid lift and exempt from the lid lift:

- $\$1.2625 * \$500,000,000 / \$1,000 = \$631,250$ (this is the amount from property exempt from the lid lift.)
- $\$631,250 + \$3,915,000 = \$4,546,250$ (this is the total levy amount.) Double check this amount does not exceed the district's certified levy request amount. If it does not, the rates determined in this step and Step 2 are the rates you will include in the tax roll and apply to the appropriate parcels. If it exceeds the certified levy request amount, you must reduce the amount levied against the property that qualifies for the lid lift. See Step 4.

Step 4:

If the levy amount in Step 3 exceeds the district's certified levy request, subtract the levy amount from property exempt from the lid lift from the district's certified levy request. This is the amount that must be levied against the property subject to the lid lift. Divide the amount to be levied against

the property subject to the lid lift by the taxable value of property subject to the lid lift. This will be the levy rate applied to those parcels.

The year following the first year of the lid lift, and all subsequent years, continue to calculate the levy limitations as if the voters had never approved the lid lift until the lid lift expires. You can accomplish this by either using Step 1 on the First Year Lid Lift Calculations with an Exemption worksheet or the regular levy limit worksheet. Once again, this is the levy rate you will apply to property that remains taxable outside of RCW 84.36.381 and RCW 84.55.050.

When determining the highest lawful levy for the portion of the district's levy subject to the lid lift for the year following the lid lift and all subsequent years until the lid lift expires, you will carry forward the levy amount the voters authorized, levy rate multiplied by the taxable value of the district subject to the lid lift, \$6,500,000 using our example. Increase that levy amount by the appropriate limit factor as described in RCW 84.55.005 and 84.55.0101 or the limit factor/specified index stated in the ballot title if the lid lift is a multi-year lid lift. You will use the actual levy rate applied to the property subject to the lid lift from the prior year to increase the current year's, new construction, improvements to property, newly constructed wind turbines, and increases in state-assessed property.

PLEASE NOTE: Lid lifts are NOT excess levies. A lid lift is simply a means of exceeding the 101 percent growth levy limit. Qualifying senior citizens are exempt from lid lifts only to the extent they are exempt from regular levies and when this condition is expressly stated in the lid lift ballot title.

If the voters approve limit factors to be used in years two through six of the lid lift, additional resolutions or ordinances authorizing an increase in the levy compared to the prior year are not necessary for those years. This only applies to lid lifts that do not provide for a property tax exemption.

What Happened To My District's Banked Levy Capacity



Department of Revenue
Property Tax Division
Kathy Beith, Assistant Director

City 2010 Tax Year Levy Calculations

- Highest Lawful Levy increased by the limit factor:
 $\$3,230,332 * 101\% = \$3,262,635$
- Additional funds for new construction, improvements,
& wind turbines & state assessed utility increases: \$ 33,600
- **2010 Tax Year Levy Limit** **\$3,296,235**

- Statutory Maximum Levy Rate Limit:
 $\$1,070,666,486 * \$3.375 = \$3,613,499$

- Budget/Levy Certification **\$3,000,000**

- Banked Levy Capacity \$296,235**

City 2011 Tax Year Levy Calculations

- Highest Lawful Levy increased by the limit factor:
 $\$3,296,235 * 101\% = \$3,329,197$
- Additional funds for new construction, improvements,
& wind turbines & state assessed utility increases: \$ 30,000
- **2011 Tax Year Levy Limit** **\$3,359,197**

- Statutory Maximum Levy Rate Limit:
 $\$963,599,837 * \$3.375 = \$3,252,149$

- Budget/Levy Certification **\$3,030,000**

- 10% Assessed value decrease
- 1% Budget/Levy Certification increase
- Banked Levy Capacity \$222,149

City 2012 Tax Year Levy Calculations

- Highest Lawful Levy increased by the limit factor:
 $\$3,296,235 * 101\% = \$3,329,197$
- Additional funds for new construction, improvements,
& wind turbines & state assessed utility increases: \$ 10,000
- **2012 Tax Year Levy Limit** **\$3,339,197**

- Statutory Maximum Levy Rate Limit:
 $\$867,239,853 * \$3.375 = \$2,926,934$

- Budget/Levy Certification **\$3,060,300**
 - 10% Assessed value decrease
 - 1% Budget/Levy Certification increase
 - Banked Levy Capacity \$0

City 2013 Tax Year Levy Calculations

- Highest Lawful Levy increased by the limit factor:
 $\$3,296,235 * 101\% = \$3,329,197$
- Additional funds for new construction, improvements,
& wind turbines & state assessed utility increases: \$ 10,100
- **2013 Tax Year Levy Limit** **\$3,339,297**

- Statutory Maximum Levy Rate Limit:
 $\$915,259,259 * \$3.375 = \$3,089,000$
- Budget/Levy Certification **\$3,090,903**

- 4% Assessed value increase
- 1% Budget/Levy Certification increase
- Banked Levy Capacity \$0

City 2014 Tax Year Levy Calculations

- Highest Lawful Levy increased by the limit factor:
 $\$3,296,235 * 101\% = \$3,329,197$
- Additional funds for new construction, improvements,
& wind turbines & state assessed utility increases: \$ 12,100
- **2014 Tax Year Levy Limit** **\$3,341,297**

- Statutory Maximum Levy Rate Limit:
 $\$997,632,592 * \$3.375 = \$3,367,010$
- Budget/Levy Certification **\$3,121,812**

–9% Assessed value increase
–1% Budget/Levy Certification increase
–Banked Levy Capacity \$219,485



Any Questions?

MEMORANDUM

To: Port District Finance Officers

From: Cynthia M. Weed

Date: July 23, 2024

Subject: Tax Levy and Referendum 47

We have prepared forms for approving the tax levy and for protecting levy capacity. Enclosed are drafts of six resolutions. Why so many?

Referendum 47 specifically requires that the resolution authorizing an increase in tax levy be approved in a separate resolution (the Section 209 resolution). We have also provided a separate resolution making a finding of "substantial need." However, the forms of resolutions are different depending on whether (i) the Port intends to levy next year or (ii) the Port is protecting levy capacity. Accordingly, because the facts are different with respect to each Port, we have included a separate resolution for each possibility. Depending upon your Port's facts, you may wish to combine resolutions and add to the factual findings, etc. The only mandate is that a port district wishing to increase this year's levy over last year's levy must have a separate resolution (the Section 209 resolution) adopted separately from the levy resolution.

- (1) This resolution certifies a Port levy when no increase in levy is contemplated.
- (2) This resolution certifies a Port levy when the Port actually intends to increase the levy (and also if the Port intends to increase the levy based upon substantial need in the upcoming levy year).
- (3) This resolution is the Section 209 resolution for a Port that actually intends to increase the tax levy from last year's levy. This resolution is required for any increase in the tax levy over and above permitted add-ons.

(4) This is the resolution that authorizes the Port to protect its levy capacity at a level in excess of the inflationary limit factor. This resolution would need to be approved by a super-majority vote. This is why we kept this resolution separate and apart from the other resolutions.

(5) This is the resolution that would be adopted by a Port actually intending to impose and collect the taxes authorized by a higher limit factor for collection in the next calendar year. Again, we kept this resolution separate, because of the super-majority requirement.

Form 1:

This is the form of resolution for a Port District certifying the Port's levy – assuming no increases in the tax levy in excess of the inflationary limit factor.

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ CERTIFYING THE PORT'S [INSERT
YEAR OF LEVY] LEVY FOR [INSERT YEAR OF
COLLECTION] COLLECTION.

WHEREAS, a public hearing on the revenue sources for the Port's [INSERT YEAR OF
COLLECTION] current expense budget has been held by this Commission;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE
PORT OF _____, that the [INSERT YEAR OF LEVY] levy for collection in
[INSERT YEAR OF COLLECTION] is hereby certified to be \$_____.

This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of _____, at a
regular/special meeting thereof held this ____ day of _____, ____.

PORT OF _____

Commissioners

Form 2:

This is the form of resolution for a Port District certifying the Port's levy – assuming increases in the tax levy in excess of the inflationary limit factor and the adoption of the 209 and 204 resolutions.

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ CERTIFYING THE PORT'S [INSERT
YEAR OF LEVY] LEVY FOR [INSERT YEAR OF
COLLECTION] COLLECTION.

WHEREAS, a public hearing on the revenue sources for the Port's [INSERT YEAR OF
COLLECTION] current expense budget has been held by this Commission;

WHEREAS, the Port Commission has adopted a resolution finding substantial need for
an increased limit factor; and

WHEREAS, the Port Commission has adopted a resolution approving an increase in tax
levy over the previous year's levy;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE
PORT OF _____, that the [INSERT YEAR OF LEVY] levy for collection in
[INSERT YEAR OF COLLECTION] is hereby certified to be \$_____.

This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of _____, at a
regular/special meeting thereof held this ____ day of _____, ____.

PORT OF _____

Commissioners

Form 3:

This is the form of resolution for a Port District authorizing an increase in levy capacity above the inflationary limit factor (the Section 209 Resolution) solely for purposes of protecting future levy capacity.

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ AUTHORIZING AN INCREASE IN TAX
LEVY CAPACITY PURSUANT TO SECTION 209 OF
REFERENDUM 47 (RCW 84.55.120).

WHEREAS, a public hearing on the revenue sources for the Port's [INSERT YEAR OF COLLECTION] current expense budget has been held by this Commission; and

WHEREAS, increases in regular property taxes imposed by the Port are limited by RCW ch. 84.55, as most recently amended by Referendum 47, codified by Chapter 3, Laws of 1997; and

WHEREAS, pursuant to Section 201, Ch. 3, Laws of 1997, codified in RCW 84.55.005, the limit factor based on inflation for [INSERT YEAR OF LEVY] is equal to _____ ("Inflationary Limit Factor"); and

WHEREAS, the highest regular tax which could have been lawfully levied by the Port, beginning with the Port's 1985 levy, occurs in the year _____ and is equal to \$ _____ ("Highest Levy Available") multiplied by the Inflationary Limit Factor is equal to \$ _____ ("Initial Maximum Levy");

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF _____, as follows:

Pursuant to Section 209 of Chapter 3, Laws of 1997, codified in RCW 84.55.120 and RCW 84.55.092, the Port Commission hereby finds that there is substantial need to set the levy limit at six percent (6%) in the event this levy capacity is needed in future years and hereby further authorizes an increase in its tax levy capacity for the [INSERT YEAR OF LEVY] levy, which is a percentage increase of 106% of the Highest Levy Available (the "106% Limit Factor") in the event that this levy capacity is needed in future years.

This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of _____, at a regular/special meeting thereof held this ____ day of _____, ____.

PORT OF _____

Commissioners

Form 4:

This is the form of resolution for a Port District authorizing an increase in levy over and above permitted add-ons (the Section 209 Resolution).

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ AUTHORIZING AN INCREASE IN TAX
LEVY PURSUANT TO SECTION 209 OF REFERENDUM 47
(RCW 84.55.120).

WHEREAS, a public hearing on the revenue sources for the Port's [INSERT YEAR OF COLLECTION] current expense budget has been held by this Commission; and

WHEREAS, increases in regular property taxes imposed by the Port are limited by RCW ch. 84.55, as most recently amended by Referendum 47, codified by Chapter 3, Laws of 1997; and

WHEREAS, Section 209 of Chapter 3, Laws of 1997, codified as RCW 84.55.120, provides that no increase in property tax revenue, other than that resulting from new construction and improvements to property and any increase in the value of state-assessed property, may be authorized by a taxing district except by adoption of a separate resolution, pursuant to notice; and

WHEREAS, the Port's **pick one or use your own version for requirements** [capital budget] [debt service requirements] require that an increase in the tax levy be approved to meet the Port's [INSERT YEAR OF COLLECTION] [capital] [expense] budget;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF _____, as follows:

Pursuant to Section 209 of Chapter 3, Laws of 1997, codified in RCW 84.55.120, the Port Commission hereby authorizes an increase in its tax levy for the [INSERT YEAR OF LEVY] levy ([INSERT YEAR OF COLLECTION] collection) in the amount of \$ _____, which is a percentage increase of ____% over the previous year's ([INSERT PREVIOUS LEVY YEAR]) tax levy ([INSERT PREVIOUS COLLECTION YEAR] collection).

[This resolution could cover up to two years, but the resolution needs to state the dollar increase and percentage change for each year.]

This resolution shall become effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of _____, at a regular/special meeting thereof held this ____ day of _____, ____.

PORT OF _____

Commissioners

Form 5:

This is the form of resolution for a Port District authorizing an increase in the limit factor above the inflationary limit factor (the Section 204 Resolution) solely for purposes of protecting future levy capacity.

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ AUTHORIZING AN INCREASE IN LIMIT
FACTOR FOR MAXIMUM LEVY CAPACITY PURSUANT TO
SECTION 204 OF REFERENDUM 47 (RCW 84.55.0101).

WHEREAS, increases in regular property taxes imposed by the Port are limited by RCW ch. 84.55, as most recently amended by Referendum 47, codified by Chapter 3, Laws of 1997; and

WHEREAS, pursuant to Section 201, Ch. 3, Laws of 1997, codified in RCW 84.55.055, the limit factor based on inflation for [INSERT YEAR OF LEVY] is equal to _____ ("Inflationary Limit Factor"); and

WHEREAS, the Port [pick one or more or draft your own version of substantial need] [has outstanding general obligation bonds] [maintains an outstanding bond rating of _____] [has a capital budget, which demonstrates the need for substantial capital expenditures by the Port in future years];

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF _____, as follows:

Pursuant to Section 204 of Chapter 3, Laws of 1997, codified in RCW 84.55.0101 and RCW 84.55.092, the Port Commission hereby finds that there is a substantial need to protect the Port's future levy capacity to meet substantial future capital needs in accordance with the Port's capital budgets. Accordingly, this Port Commission hereby establishes a limit factor of 106% for purposes of establishing the maximum levy permitted to the Port in future years pursuant to RCW 84.55.092.

This resolution shall become effective immediately upon its adoption and approval by [two] [four] members of the Port Commission.

ADOPTED by the Port Commission of the Port of _____, at a regular/special meeting thereof held this ____ day of _____, ____.

PORT OF _____

Commissioners

Form 6:

This is the form of resolution for a Port District authorizing an increase in the limit factor above the inflationary limit factor (the Section 204 Resolution) for a Port District intending to impose the higher limit factor.

RESOLUTION NO. _____

RESOLUTION OF THE PORT COMMISSION OF THE PORT
OF _____ AUTHORIZING AN INCREASE IN LIMIT
FACTOR PURSUANT TO SECTION 204 OF REFEREN-
DUM 47 (RCW 84.55.0101).

WHEREAS, increases in regular property taxes imposed by the Port are limited by RCW ch. 84.55, as most recently amended by Referendum 47, codified by Chapter 3, Laws of 1997; and

WHEREAS, pursuant to Section 201, Ch. 3, Laws of 1997, codified in RCW 84.55.005, the limit factor based on inflation for [INSERT YEAR OF LEVY] is equal to _____ ("Inflationary Limit Factor"); and

WHEREAS, the Port **[pick one or more or draft your own version of substantial need]** [has outstanding general obligation bonds] [has a capital budget], which demonstrates the need for an increased tax levy;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF _____, as follows:

Pursuant to Section 204 of Chapter 3, Laws of 1997, codified in RCW 84.55.0101, the Port Commission hereby finds that there is a substantial need to meet **[pick one or more draft your own version of substantial need]** [substantial capital needs in accordance with the Port's capital budgets] [debt service on the Port's outstanding general obligation bonds]. Accordingly, this Port Commission hereby establishes a limit factor of ____% for purposes of the Port's [INSERT YEAR OF LEVY] levy and [INSERT YEAR OF COLLECTION] collection.

This resolution shall become effective immediately upon its adoption and approval by [two] [four] members of the Port Commission.

ADOPTED by the _____ of _____, at a regular/special meeting thereof held this ____ day of _____, 19____.

PORT OF _____

Commissioners



ORDINANCE/RESOLUTION NO. _____
RCW 84.55.120

WHEREAS, the _____ of _____ has met and considered
(Governing body of the taxing district) (Name of the taxing district)
its budget for the calendar year _____; and
(Year)

WHEREAS, the _____ of _____ after hearing and after
(Governing body of the taxing district) (Name of the taxing district)
duly considering all relevant evidence and testimony presented, determined that _____
(Name of the taxing district)

requires a regular levy in the amount of \$ _____, which includes an increase in property tax
(state the total amount to be levied)

revenue from the previous year, and amounts resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the district and in its best interest; now, therefore,

BE IT RESOLVED by the _____ of _____ that an
(Governing body of the taxing district) (Name of the taxing district)
increase in the regular property tax levy is hereby authorized for the _____ levy in the amount of
(Year)
\$ _____ which is a percentage increase of _____ % from the previous year.
(state the dollar increase) (state the percentage increase)

This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of state assessed property, and any additional amounts resulting from any annexations that have occurred and refunds made.

Adopted this _____ day of _____, _____.

If additional signatures are necessary, please attach additional page.

For tax assistance, visit <http://dor.wa.gov> or call (800) 647-7706. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users may call (800) 451-7985.

HIGHEST LAWFUL LEVY CALCULATION

TAXING DISTRICT _____ LEVY FOR _____ TAXES

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).

Year _____ × _____ = _____

B. Current year's assessed value of new construction and improvements in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).

_____ × _____ /\$1,000 = _____
A.V. Last Yr. Levy Rate

C. Current year's state assessed property value in original district if annexed less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).

_____ - _____ = _____
Current Yr. A.V. Previous Yr. A.V. Remainder

_____ × _____ /\$1,000 = _____
Remainder Last Yr. Levy Rate

D. Regular property tax limit: A+B+C=.....

Parts E through G are used in calculating the additional levy limit due to annexation.

E. To find the rate to be used in F, take the levy limit as shown in D above and divide it by the current assessed value of the district, excluding the annexed area.

_____ ÷ _____ = _____ /\$1,000
D A.V.

F. Annexed area's current assessed value including new construction and improvements times the rate in E.

_____ × _____ /\$1,000 = _____
Annexed Area's A.V. Rate in E

G. Regular property tax limit including annexation: D+F=.....

H. Statutory maximum rate times the assessed value of the district.

_____ × _____ /\$1,000 = _____
A.V. of District Statutory Rate Limit Statutory Amount

I. Highest Lawful Levy (Lesser of G and H).....

J. Tax Base For Regular Levy

1. Total district taxable value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy) _____

K. Tax Base for Excess and Voted Bond Levies

2. Less assessed value of the senior citizen exemption of less than \$35,000 income (difference between the lower of the frozen or market value and the exempt _____

3. Plus Timber Assessed Value (TAV).....

4. Tax base for excess and voted bond levies (1-2+3).....

Excess Levy Rate Computation

Excess levy amount divided by the assessed value in number 4 above.

_____ ÷ _____ = _____ /\$1,000
Levy Amount A.V. from number 4 above

Bond Levy Rate Computation

Bond levy amount divided by the assessed value in number 4 above.

_____ ÷ _____ = _____ /\$1,000
Levy Amount A.V. from number 4 above

ACTUAL LEVY CALCULATION

TAXING DISTRICT _____

LEVY FOR _____ **TAXES**

Population: ☐ Less than 10,000 ☐ 10,000 or more

Was a resolution/ordinance adopted authorizing an increase over the previous year's levy? ☐ Yes ☐ No

If so, what was the percentage increase? _____

Was a second resolution/ordinance adopted authorizing an increase over the IPD? ☐ Yes ☐ No ☐ N/A

If so, what was the percentage increase? _____

A. Previous year's actual levy times the increase as stated in ordinance or resolution (RCW 84.55.120).

Year _____ × _____ = _____

B. Amount for new construction and improvements (line B on other side)..... _____

C. Amount for increase in value of state-assessed property (line C on other side)... _____

D. Property tax limit authorized by resolution/ordinance: A+B+C=..... _____

Parts E through G are used in calculating the additional levy amounts due to annexation.

E. To find the rate to be used in F, divide the amount in D by the current assessed value of the district excluding the value of the annexed area.

_____ ÷ _____ = _____ /\$1,000
D A.V.

F. Annexed area's current assessed value including new construction and improvements times the rate in E.

_____ × _____ /\$1,000 = _____
Annexed Area's A.V. Rate in E

G. Total levy amount authorized, including the annexation: D + F =..... _____

H. Total levy amount authorized by resolution (G) plus amount refunded or to be refunded (RCW 84.55.070).

_____ + _____ = _____
G Amount to be refunded

I. Amount certified by county legislative authority or taxing district as applicable (RCW 84.52.020 and RCW 84.52.070)..... _____

J. Levy limit from line G on other side, plus amount refunded or to be refunded (RCW 84.55.070).

_____ + _____ = _____
G on other side Amount to be refunded

K. Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).

_____ - _____ = _____
Lesser of H, I, or J Amount Recovered

L. Statutory limit from line H on other side (dollar amount, not the rate)..... _____

M. Lesser of K and L _____

N. **Levy Corrections** Year of Error: _____

1. Minus amount overlevied (if applicable)..... _____

2. Plus amount underlevied (if applicable)..... _____

O. Total: M +/- N=..... _____

Regular Levy Rate Computation: Lesser of L and O above divided by the assessed value in number 1 on other side.

_____ ÷ _____ = _____ /\$1,000
Lesser of L and O Number 1 on other side

Prorated Rate: Levy rate if prorated due to \$5.90 or 1% constitutional limits..... _____ /\$1,000