



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

September 20, 2013

Dear County Assessors:

What is the rate of inflation (IPD rate) for 2014?

The rate of inflation (IPD rate) for property taxes due in 2014 is **1.314 percent**.

What is the limit factor for 2014 provided the taxing district adopts a resolution/ordinance authorizing an increase over the prior year's levy?

For the state and taxing districts with populations of 10,000 or greater, the limit factor for property taxes due in 2014 is **101 percent**. The limit factor for these districts is defined as 100 percent plus the lesser of the rate of inflation or 1 percent.

For taxing districts with populations under 10,000, the limit factor for property taxes due in 2014 is **101 percent**.

How is the rate of inflation (IPD rate) calculated?

The rate of inflation is the percent change in the implicit price deflator for personal consumption as published in the Bureau of Economic Analysis' September *Survey of Current Business*.

However, as the result of the comprehensive revision of the national income and product accounts, the Bureau of Economic Analysis did not publish the implicit price deflator for personal consumption in their September publication. The most recent publication available is August and so the numbers published in August were used to calculate the percent change in implicit price deflator for personal consumption for taxes due in 2014.

The percent change is calculated by dividing the June 2013 number by the June 2012 number, subtracting one, and then multiplying by 100. The values used in the calculation this year were as follows:

June 2012	105.842
June 2013	107.233

You may notice these numbers are considerably different than last year. The comprehensive revision updated the reference year for these numbers from 2005 to 2009.

If you have any questions, please contact me.

Sincerely,

Valerie Torres
Tax Policy Specialist
Research & Fiscal Analysis
Department of Revenue

cc: County Treasurers