

# State School Levy Property Tax Tip Sheet

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Property tax is the primary funding source for Washington's public schools. Two types of property tax levies support the state school system: the state school levy paid by all Washington property owners for public schools, and special or excess levies approved by voters for a specified school district.

Revenues from special or excess levies may only be used for that school district. Funds collected from the state property tax levy go to the state's general fund. This money is distributed to school districts throughout the state on a set formula.

The maximum equalized state property tax rate is \$3.60 per \$1,000 of assessed value (RCW 84.52.065).

## Equalized state school levy

The foundation of all property tax levies, including the state school levy, is uniformity in taxation. Under the law, county assessors must value all taxable property at 100 percent of true and fair market value (RCW 84.40.030, 040). All 39 county assessors value property every year using mass appraisal techniques.

Before the Department of Revenue (Revenue) calculates how much to collect from each county for the state school levy, we conduct an annual ratio study. This study establishes the level of assessment for both real and personal property in each county.

The ratio measures the difference between the true and fair market value and the county assessed value. The individual ratios are then applied to the county assessor's real and personal property, adjusting the assessments to true and fair market value prior to determining each county's share of the state school levy. This ensures property owners pay what is truly due for the state school levy.

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## Example

Mr. Wilson owns a property in Green County, while Mr. Lynch owns property in Blue County. The properties are identical in every way, except they are located in different counties.

Green County assessed Mr. Wilson's property at \$99,000, and Blue County assessed Mr. Lynch's property at \$80,000. Based on Revenue's ratio study, the true and fair market value of each property is \$100,000.

Without an equalized assessment, this is how Mr. Wilson's and Mr. Lynch's school tax levy would be assessed:

	Assessed value		Statutory rate		Tax due
Mr. Wilson	\$99,000	X	\$3.60 per \$1,000	=	\$356.00
Mr. Lynch	\$80,000	X	\$3.60 per \$1,000	=	\$288.00

To ensure both taxpayers pay the correct amount of property tax, Revenue applies the individual county assessor's ratio to the assessed value equalizing assessments for the properties in each county and determines the amount of tax the state school can levy. Then, the assessor calculates a levy rate for the state school levy using their assessed values. This results in an equalized levy rate as shown in the following example:

	Assessed value	Equalizing rate	Equalized rate		Tax due
Mr. Wilson	\$99,000	(\$3.60/99%)	= \$3.6363 per \$1,000	=	\$360.00
Mr. Lynch	\$80,000	(\$3.60/80%)	= \$4.5000 per \$1,000	=	\$360.00

The rate difference doesn't mean one owner is getting a break, or that another owner is over charged. It simply allows for equal application of the state school levy. For the 2015 tax year, individual levy rates ranged from \$2.13 and \$2.58 per \$1,000 assessed value.

## Questions?

If you would like more information about the state school levy, contact the Department of Revenue at (360) 534-1400.

## Visit our website at [dor.wa.gov](http://dor.wa.gov)

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

