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Washington Department of Revenue Property Tax Division

2017 Yakima County Levy Audit A Summary Report



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Overview

Purpose

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

Method of Calculation

The Department calculated the levy limitations and levy rate for several of the taxing districts for the 2017 tax year. To determine whether an error occurred, the Department compared the amount levied for the district with the lesser of the levy limit, the statutory rate limit, the amount authorized by each district's resolution, and the levy amount certified by the district.

Information Reviewed

The Department reviewed the following information:

- Resolutions/Ordinances adopted by the districts
- Levy certificates (budgets)
- Administrative and adjudicated refunds
- Ballot measures
- Levy limit worksheets
- \$5.90 aggregate and 1 percent constitutional limits

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

Taxing Districts Selected

The Department reviewed the following taxing district levies:

- County General and Road
- City/Towns: Grandview, Harrah, Moxee, Sunnyside and Yakima
- Fire Districts: 1, 3, 6, 9, 10 and 14
- Grandview Port District No. 2
- Parks and Recreation: Naches and Selah
- School Districts: East Valley No. 90, Highland No. 203, Granger No. 204 and Mount Adams No. 209

Executive Summary

Introduction

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

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

Categories of Results

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

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

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

Results

The Department identified four requirements and two recommendations directed toward improving the accuracy of the levy process.

We have listed a summary of these items in the Requirements and Recommendation sections.

Executive Summary, continued

Requirements

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

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

2. The Assessor is required to determine each taxing district's levy limit based on the district's highest lawful levy since 1985 for collection in 1986.

The Assessor is required to use the district's levy from the previous year when calculating the allowable increase based on the district's dollar and percentage amounts as stated in the taxing district's ordinance or resolution.

The Assessor is required to calculate the levy limit using the correct prior year's levy rate or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year.

3. The Assessor is required to calculate the Timber Assessed Value (TAV) and include that value in the tax base for all taxing districts collecting excess levies.
4. The Assessor is required to start with a base levy rate of \$3.60 per thousand dollars assessed value as the statutory maximum levy rate for cities and towns annexed to a fire and or library district, less any regular levy made by the fire or library district in the incorporated area, plus an additional \$0.225 per thousand dollars assessed value if the city or town has a firefighter's pension fund.

Executive Summary, continued

Recommendations

1. The Department recommends the Assessor encourage the taxing districts to certify the levy amount they wish to collect on the Department's Levy Certification form, and list the dollar amount and percentage of change from the previous year's actual levy amount on the Department's Ordinance/Resolution form.
2. The Department recommends the Assessor provide education to the park and recreation districts within the county regarding their ability to levy regular and excess levies.

Park and recreation districts have statutory authority to levy a maximum six-year regular levy under RCW 36.69.145, a one-year excess levy, and a bond levy under RCW 36.69.140 and RCW 84.52.052 with voter approval. Park and recreation districts do not have statutory authority to ask the voters to approve an excess levy in excess of one-year, with the exception of an excess bond levy.

When the district requests the voters approve a regular levy, the voters are approving the length of the levy and the statutory maximum levy rate which cannot exceed \$0.60 per thousand dollars assessed value. RCW 29A.36.210 states the ballot title requirements.

Requirements

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

This section contains the requirements we identified.

County General

Requirement

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

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

What the law says

The Assessor must calculate the new construction and state assessed property increase portion of the levy limit by multiplying the new construction and state assessed property values by the levy rate for the preceding year or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year. (RCW 84.55.010, 84.52.085 and WAC 458-19-020)

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

What we found

The Assessor did not use the correct prior year's levy rate when calculating the new construction and state assessed property increase portion of the levy limit, he used a rate of \$1.53803421, which is the levy rate prior to the 2016 road levy shift. Washington law requires the calculation for new construction and state assessed property be based upon the previous year's levy rate, in this case it is the post road levy shift rate. The correct previous year's rate is the post shift rate of \$1.68146770.

During the audit process, a valuation error was discovered in the state assessed property value, caused by two parcels whose values should not have been included in the total assessed value. The Assessor has corrected the county records to reflect the correct value for state assessed property.

The County General did not provide a separate resolution or ordinance stating their dollar increase and percentage of change from the previous year's levy. The certified budget amount and the dollar and percentage difference from the previous year's levy are included in one document.

The errors resulted in an underlevy of \$30,059.01.

County General, continued

Action needed to meet requirement

The Assessor is required to take the following actions:

- Correct the underlevy of \$30,059.01.
- Notify the taxing district of the levy error to determine if the taxing district wishes to collect the underlevy amount. The Department interprets the statutes to give the taxing district the option of adjusting the following year's levy by the underlevy amount in the subsequent year.
- If the correction in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request the correction be made on a proportional basis over a period of no more than three years.
- Use the prior year's levy rate for the calculation of the new construction and state assessed property. In a year with a road levy shift, this is the post shift levy rate.
- Balance the state assessed property value as provided in the equalized values report from the Department with the Assessor's record of state assessed property value, to verify the accuracy of the tax base used for the levy calculations.
- Educate the taxing district regarding the resolution requirement to state the dollar and percentage of change from the previous year's levy on a document separate from the district's levy certification.

Why it's important

The prior year's levy rate, and state assessed property value are components of the levy calculation that discloses to the taxpayer how much the taxing district has increased their budget from the prior year. Accuracy of these components ensure the taxpayers are paying the correct amount of property tax.

Separate levy certifications and dollar and percentage of change resolutions ensure taxing districts are disclosing increases in their budget amount as required by statute

Road

Requirement

The Assessor is required to determine each taxing district's levy limit based on the district's highest lawful levy since 1985 for collection in 1986.

The Assessor is required to use the district's levy from the previous year when calculating the allowable increase based on the district's dollar and percentage amounts as stated in the taxing district's ordinance or resolution.

The Assessor is required to calculate the levy limit using the correct prior year's levy rate or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year.

What the law says

The highest lawful levy since 1985 is adjusted by the appropriate limit factor and additional funds for increases due to new construction, increases in assessed value due to construction of wind turbines, biomass, and geothermal facilities, increases in state assessed property values, improvements to property. (RCW 84.55.010 and 84.55.092)

An increase in levy capacity is calculated by applying the dollar and percentage of change as stated on the ordinance or resolution to the levy amount from the previous year. (RCW 84.55.120)

The new construction and state assessed property increase portion of the levy limit is calculated by multiplying the new construction and state assessed property values by the levy rate for the preceding year or the levy rate that would have been used if a levy error or levy error correction had not occurred in the prior year. (RCW 84.55.010 and WAC 458-19-020)

What we found

The Assessor calculated the levy limit for the Road using a highest lawful levy of \$14,183,910.57, this levy amount included refunds to be collected by the district. Since a refund levy is authorized in chapter 84.69 RCW, not chapter 84.55 RCW, the refund amount is not a component of the highest lawful levy. The correct highest lawful levy for the Road is \$14,162,095.02.

Road, continued

The Assessor used an incorrect levy rate of \$1.83385758 to calculate the new construction and state assessed property dollar increases. This is the rate that would have been used if the funds had not been shifted to the county general fund. Washington law requires the calculation for the increase in new construction and state assessed property be based upon the prior year's levy rate, unless a levy error or levy error correction had occurred in the prior year levy calculations. The correct previous year's rate is the post shift rate of \$1.80832319.

The County General did not provide a separate resolution or ordinance stating their dollar increase and percentage of change from the previous year's actual levy. The certified budget amount and the dollar and percentage difference from the previous year's actual levy are included in one document.

The incorrect data resulted in an overlevy error of \$47,560.30.

Action needed to meet requirement

The Assessor is required to take the following actions:

- Correct the overlevy of \$47,560.30.
- Notify the taxing district of the levy error. If the correction in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request the correction be made on a proportional basis over a period of no more than three years.
- Use the corrected highest lawful levy amount and corrected levy rate, provided in Appendix B, for the 2017 levy calculation as if the error had not occurred.

Why it's important

To ensure the taxing districts do not levy more than or less than their maximum levy amount allowable by law. In addition, the previous year's actual levy amount, prior year's levy rate, and state assessed property are components of the calculation that discloses to the taxpayer how much the taxing district has increased their budget from the prior year.

Mount Adams School District No. 209

Requirement

The Assessor is required to calculate the Timber Assessed Value (TAV) and include that value in the tax base for all taxing districts collecting excess levies.

What the law says

Under 84.33 RCW, standing timber is exempt from the ad valorem property tax. For the purpose of computing the levy rate for an excess levy the county assessor must add the district's TAV, as defined under RCW 84.33.035, to the assessed value of the property. (RCW 84.52.080)

One-half of the TAV or 80 percent of the 1983 Timber Roll, whichever is greater, is added to the tax base for calculation of maintenance and operation levies. One hundred percent of TAV is added to the tax base for calculation of all other levies levied by a school district.

What we found

The Assessor calculated the Mount Adams School District No. 209 (SD) maintenance and operations levy rate using a tax base that included the one hundred percent TAV amount of \$948,796. Maintenance and operation levies are calculated using one-half of the TAV or 80 percent of the 1983 Timber Roll, whichever is greater. In this case eighty percent of the 1983 Timber Roll, \$1,200,529 is greater than the one-half TAV amount of \$474,398 for the SD, therefore 80 percent of the 1983 Timber Roll should have been added to the district's tax base instead of one-half of the TAV.

When the tax base is incorrect, in this case the tax base was less than it should have been, an incorrect levy rate is calculated. This resulted in individual taxpayers paying a greater share of the district's levy amount.

Action needed to meet requirement

The Assessor is required to take the following actions:

- Use the greater of one-half of the TAV or 80 percent of the 1983 Timber Roll for calculation of all maintenance and operation levies.

Why it's important

A correct tax base is necessary for calculation of the levy rate to ensure taxpayers are paying the correct amount of property tax. A greater TAV than required by statute included in the tax base will cause the owners of real and personal property to pay more property tax than allowed by law.

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

Requirement

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

What the law says

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

What we found

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

| Taxing District | Statutory Maximum Rate Applied In The Levy Rate Calculation | Correct Statutory Maximum Rate |
|-------------------|---|--------------------------------|
| City of Sunnyside | 3.12633495 | 3.35133495 |
| City of Yakima | 3.12633495 | 3.35133495 |

The Assessor did not add the \$.225 statutory maximum rate allowed for the firefighter's pension fund to the total statutory maximum rate used for the levy rate calculations. The incorrect statutory maximum rates did not result in an underlevy error.

Action needed to meet requirement

The Assessor is required take the following actions:

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

Why it's important

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

Recommendations

For the items listed as “Recommendations,” the Department believes the Assessor could improve by making voluntary changes in procedure.

This section contains the recommendations we identified.

Certifications and Resolutions

Recommendation

The Department recommends the Assessor encourage the taxing districts to certify the levy amount they wish to collect on the Department's Levy Certification form, and list the dollar amount and percentage of change from the previous year's actual levy amount on the Department's Ordinance/Resolution form.

What we found

Most of the taxing districts reviewed listed their levy certification amount and their dollar and percentage of change from the previous year on both the levy certification and the ordinance/resolution forms. This practice can result in the Assessor receiving conflicting information, as in the case of Fire District No. 10. The district did not use the same levy certification amount on their levy certification and ordinance/resolution.

Action recommended

The Department recommends:

- The Assessor encourage the taxing districts to use the Levy Certification form (64 0100) and the Resolution/Ordinance form (64 0101) available on the Department's website, dor.wa.gov.
- The Assessor educate the taxing districts to list only the amount they wish to levy on their levy certification form (do not include the dollar and percentage of change from the previous year's actual levy). In addition, the taxing districts should list only their dollar and percentage of change from the previous year's levy on the ordinance/resolution form (do not include the levy certification amount).

Why it's important

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

Naches and Selah Park and Recreation Districts

Recommendation

The Department recommends the Assessor provide education to the park and recreation districts within the county regarding their ability to levy regular and excess levies.

Park and recreation districts have statutory authority to levy a maximum six-year regular levy under RCW 36.69.145, a one-year excess levy, and a bond levy under RCW 36.69.140 and RCW 84.52.052 with voter approval. Park and recreation districts do not have statutory authority to ask the voters to approve an excess levy in excess of one-year, with the exception of an excess bond levy.

When the district requests the voters approve a regular levy, the voters are approving the length of the levy and the statutory maximum levy rate which cannot exceed \$0.60 per thousand dollars assessed value. RCW 29A.36.210 states the ballot title requirements.

What we found

The voters of Naches Park and Recreation District approved a two-year excess levy to be levied in 2017 and 2018. The voters of Selah Park and Recreation District approved a 6-year excess levy to be levied in 2013 through 2018.

Both of the ballots for the park and recreation districts are incorrect, per RCW 84.52.052, the voters can only approve an excess levy for one year, with the exception of school and fire districts.

This issue has been addressed in prior levy audits by the Department in 2009 and 2012.

Action recommended

The Department recommends:

- The Assessor contact all park and recreation districts within the county to educate them with regards to excess levies. It may be helpful to direct the districts to RCW 84.52.052, it appears they are unaware that an excess levy can only be authorized for one year.
- The Assessor work with the park and recreation districts, the county auditor, and legal counsel to review ballot language for accuracy and compliance with the law before they are presented to the voters.

Why it's important

If the taxing district is collecting an excess levy for more than one year the taxpayers are being overlevied for any property taxes paid after the first year of collection, this could put the taxing district at risk for potential lawsuits.

Next Steps

Follow-up

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

The Department will conduct a follow-up review in February, 2018. This will give the Assessor an opportunity to implement the required changes, recommended changes, and to provide information to the Department about any issues they encountered during the implementation process.

Questions

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

| | | | |
|-----------------------|-------------|--|----------------|
| County Review Auditor | Diana Burch | dianabu@dor.wa.gov | (360) 534-1429 |
|-----------------------|-------------|--|----------------|

For additional information contact:

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

Appendix – General Information

Introduction

General information provided to assist all assessors and taxing districts.

Contents

This section contains the following topics:

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

Regular Levy Limitations

What are the statutory limitations?

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

The assessor must adhere to the following statutory limitations:

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

Levy Limit

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

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

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

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

Reference:

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

Regular Levy Limitations, continued

Statutory Rate Limit

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

Reference:

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

Truncating Levy Rates

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

If truncating the levy rate for a bond levy results in a levy amount less than the amount requested by the district, the levy rate must be rounded up to ensure sufficient funds are levied for the repayment of the debt.

Resolutions/Ordinances

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

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

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

Reference:

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

Regular Levy Limitations, continued

Levy Certification (Budget)

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

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

Reference:

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

\$5.90 Limit

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

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

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

Reference:

- RCW 84.52.043

Regular Levy Limitations, continued

1 Percent Constitutional Limit

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

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

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

Reference:

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

Refunds

Types of Refunds

There are two types of refunds:

- Adjudicated (court ordered)
- Administrative

Use this table to decide how to levy for a refund

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

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

Reference:

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

Excess Levy

What is an Excess Levy

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

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

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

Reference:

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

Timber Assessed Value (TAV)

What is Timber Assessed Value?

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

Components of TAV

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

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

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

Tax Base

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

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

Reference:

- RCW 84.52.080(2)

Assessor Guidelines

Introduction

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

Determine the authorized levy amount

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

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

Appendix A

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

| Levy Limit Calculation for District: County General | | | | | | | | | | | | |
|---|--------|----------------|------------------------------|-----------------|-------------------|---------------|----------------|-------------------------|-------------------|----------------|----------------|--|
| Assmt | Taxes | | Limit | Highest | | Tax Added | Annexed | Tax Added | Levy | Assd | Stat | <input type="checkbox"/> Annexed to Library? |
| Year | Due | Lawful Levy | Factor | Lawful plus | New Const | for | Value | for | Limit | Value | Rate | <input type="checkbox"/> Annexed to Fire? |
| | | Since 1985* | | Increase | | State Assd | | Annex. | | | Max. | <input type="checkbox"/> Firemen's Pension? |
| | | | | | | New Const | | | | | | <input type="checkbox"/> Lid Lift? |
| 2016 | 2017 | 24,558,752.69 | 1.000% | 24,804,340.22 | 209,167,797 | 351,708.89 | 0 | 0.00 | 25,156,049.11 | 16,453,786,649 | 1.800000000000 | |
| Actual Levy: | | | | | | | | Summary of Levy Limits: | | | | |
| Assmt | Taxes | Previous | Lesser of Resolution's \$ or | Previous Yr's | Tax Added | Tax Added | Authorized | Refund | Certified | Limit Per | Levy Limit | Authorized |
| Year | Due | Year's | % Increase | Levy plus | for | for | Levy by Res. | | Budget | Stat. Rate | Plus Refund | Levy By Res. |
| | | Levy | | Increase | State Assd | Annex. | | | | Maximum | | Plus Refund |
| | | | | | New Const | | | | | | | |
| 2016 | 2017 | 24,662,848.67 | 1.000% | 24,909,477.16 | 351,708.89 | 0.00 | 25,261,186.05 | 117,423.72 | 27,617,423.72 | 29,616,815.97 | 25,273,472.83 | 25,378,609.77 |
| Summary of Levy Rates Checks and Balances | | | | | | | | | | | | |
| Assmt | Taxes | Current Year's | Pre Shift Levy Rate | Shift Amount | Levy Amount After | Actual | Actual Levy | Correct Levy Rate | Post Shift Road & | Over/Under | | |
| Year | Due | Max Levy | | | Shift | Amount Levied | Rate | Post Shift | County General | Levy | | |
| | | | | | | | | | Rate Limit Check | | | |
| 2015 | 2016 | | | | | | 1.681467700000 | | | | | |
| 2016 | 2017 | 25,273,472.83 | 1.536027740000 | 2,200,000.00 | 27,473,472.83 | 27,443,413.82 | 1.667900570000 | 1.669735570000 | 3.503593150000 | (30,059.01) | | |
| Excess Levy Calculation: | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal | TAV | Total Value | DOR | Total County AV x | County | County | Over/Under | |
| Bond | | | | Taxable Value | | | Levy Rate | DOR Rate | Levy Rate | Levy | Levy | |
| 0 | 0 | 0.00 | - | 0.00 | 0.00 | 0.00 | #DIV/0! | #DIV/0! | 0.00 | 0.00 | #DIV/0! | |
| Refunds have been added to the levy amount certified by the taxing district for this levy rate calculation. | | | | | | | | | | | | |

Appendix B

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

| Levy Limit Calculation for District: Road | | | | | | | | | | | | |
|---|----------------|----------------------|----------------|-------------------|---------------|----------------|-------------------|-------------------|-------------------------|---------------|----------------|--|
| Assmt Taxes | | | Limit | Highest | | Tax Added | Annexed | Tax Added | Levy | Assd | Stat | <input type="checkbox"/> Annexed to Library? |
| Year | Due | Lawful Levy | Factor | Lawful plus | New Const | for | Value | for | Limit | Value | Rate | <input type="checkbox"/> Annexed to Fire? |
| | | Since 1985* | | Increase | | State Assd | | Annex. | | | Max. | <input type="checkbox"/> Firemen's Pension? |
| | | | | | | New Const | | | | | | <input type="checkbox"/> Lid Lift? |
| 2016 | 2017 | 14,162,095.02 | 1.000% | 14,303,715.97 | 76,262,357 | 137,906.99 | 0 | 0.00 | 14,441,622.96 | 6,736,073,373 | 2.250000000000 | |
| Actual Levy: | | | | | | | | | Summary of Levy Limits: | | | |
| Assmt Taxes | Previous | Lesser of | | Previous Yr's | Tax Added | Tax Added | Authorized | Refund | Certified | Limit Per | Levy Limit | Authorized |
| Year | Year's | Resolution's \$ or % | | Levy plus | for | for | Levy by Res. | | Budget | Stat. Rate | Plus Refund | Levy By Res. |
| | Levy | | | Increase | State Assd | Annex. | | | | Maximum | | Plus Refund |
| | | | | | New Const | | | | | | | |
| 2016 | 2017 | 14,204,870.60 | \$141,831.00 | 14,346,701.60 | 137,906.99 | 0.00 | 14,484,608.59 | 63,815.97 | 15,163,112.97 | 15,156,165.09 | 14,505,438.93 | 14,548,424.56 |
| Summary of Levy Rates Checks and Balances | | | | | | | | | | | | |
| Assmt Taxes | Current Year's | Pre Shift Levy Rate | Shift Amount | Levy Amount After | Actual | Actual Levy | Correct Levy Rate | Post Shift Road & | Over/Under | | | |
| Year | Max Levy | | | Shift | Amount Levied | Rate | Post Shift | County General | Levy | | | |
| | | | | | | | | Rate Limit Check | | | | |
| 2015 | 2016 | | | | | 1.808323190000 | | | | | | |
| 2016 | 2017 | 14,505,438.93 | 2.153396810000 | 2,200,000.00 | 12,305,438.93 | 1.833857580000 | 1.826797040000 | 3.494697610000 | 47,560.30 | | | |
| Excess Levy Calculation: | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal | TAV | Total Value | DOR | Total County AV x | County | County | Over/Under | |
| Bond | | | | Taxable Value | | | Levy Rate | DOR Rate | Levy Rate | Levy | Levy | |
| 0 | 0 | 0.00 | - | 0.00 | 0.00 | 0.00 | #DIV/0! | #DIV/0! | 0.00 | 0.00 | #DIV/0! | |
| Refunds have been added to the levy amount certified by the taxing district for this levy rate calculation. | | | | | | | | | | | | |