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Washington Department of Revenue Property Tax Division

2020 Benton County Levy Audit A Summary Report



Table of Contents

Overview	3
Executive Summary	4
Requirement – \$5.90 Aggregate and 1% Constitutional Limit	6
Next Steps	8

Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Benton 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 2020 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 used the following information during the review:

- Resolutions/Ordinances adopted by the districts
- Levy certification from the county legislative authority (RCW 84.52.070)
- Tax roll certification to the county treasurer and abstract of the tax roll to the county auditor
- 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:

- City/Towns: Benton City and West Richland
- Fire Districts: No. 1 and No. 2
- Hospital Districts: Prosser
- School Districts: No. 17 and No. 116
- Port Districts: Port of Kennewick and Port of Benton
- West Benton Regional Fire Authority

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 one requirement 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 is required to review the \$5.90 and constitutional 1 percent aggregate limitations. When these limits are exceeded, the rates must be reduced or eliminated until the limitation is no longer exceeded.

Requirement – \$5.90 Aggregate and 1% Constitutional Limit

Requirement

The Assessor is required to review the \$5.90 and constitutional 1 percent aggregate limitations. When these limits are exceeded, the rates must be reduced or eliminated until the limitation is no longer exceeded.

What the law says

State law authorizes most taxing districts to levy a certain rate each year without voter approval; these are commonly referred to as regular levies. All together, certain local regular levies cannot exceed \$5.90 and the Constitutional 1% Levy Limit.

State law excludes the following levies from the \$5.90 limit:

- State School Levies
- Ports
- PUD
- Emergency Medical Services
- Affordable Housing Districts
- Conservation Futures
- County Ferry Districts
- Criminal Justice
- Regional Transit Authority
- Transit Levies

State law excludes Ports and PUD levies from the Constitutional 1% Levy Limit (RCW 84.52.010).

What we found

The Department reviewed Tax Code Areas (TCA) 1212, 1215, 1222, and 1410. We found that each TCA had an error within their \$5.90 Aggregate and Constitutional Limits 1% calculations. Below is an example of TCA 1212:

TCA 1212	2020 Benton County Tax Booklet	Levy Certified Aggregate \$5.90	Constitutional Limits 1%
*Benton City Library C.	0.0002742225		
*Benton City Library	0.0832327961		
County Human Services	0.0250000000	.0250000000	.0250000000
County Veterans	0.0113000000	.0113000000	.0113000000
County	1.0467412064	1.0467412064	1.0467412064
County Road Admin Refund	0.0010025999	.0010025999	.0010025999
Div. Road	0.1294426621	.1294426621	.1294426621
Road	1.2326886621	1.2326886621	1.2326886621
Fire Dist. #2	1.5000000000	1.5000000000	1.5000000000

2020 Benton County Levy Audit

*Fire Dist. #2 Bond	0.1886879655		
Fire Dist. #2 EMS	0.5000000000		.500000000000
*School Dist. 52 Debt S.	1.3069845148		
*School Dist. 52 Admin.	0.0102127426		
*School Dist. 52 Enrich.	1.7197164669		
Mid-Columbia Library	0.3283417861	.3283417861	.3283417861
Port of Benton	0.3133258756		
Port of Benton 2011 A.	0.0488772608		
Prosser Hospital	0.3150382321	.3150382321	.3150382321
State School	1.9931574122		1.9931574122
*State School Part 2	1.0747965210		1.0747965210
Department of Revenue Totals	11.8288209267	4.5895551487	8.1575090819
Benton County 2020 Levy Certification for Aggregate Limits	11.8288209267	4.9210975302	6.428021015
Difference	0.00	-.3315423815	-1.7294880667

The Assessor excluded the human services levy, veterans’ assistance levy, road refund levy, and diverted road levy from the \$5.90 Limit review. The Assessor incorrectly included the EMS and Port levy in the \$5.90 Limit review.

It is unclear how they reached their 1% Constitutional Limit, as they did not provide a detailed breakdown of the levies used in this limitation.

The inclusion of incorrect levies did not result in exceeding these limitations.

Action needed to meet requirement

The Assessor is required to take the following action(s):

- Include the correct levies when reviewing the limitations as specified in RCW 84.52.010. The Department has provided worksheets to assist assessors in completing the \$5.90 Limit (REV 64 0097) and 1% Constitutional Limit (REV 64 0096).

Why it’s important

Documentation of the levy limitations provides a clear and transparent record of the levy calculation process.

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 2021. 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

General levy information is available in the Department's *Property Tax Levies Operating Manual*, available on our website.

For questions about specific requirements or recommendations in our report, please contact the Property Tax Division at (360) 534-1400.

For additional information contact:

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