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Washington Department of Revenue
Property Tax Division

2025 Tax Year Spokane County Levy Audit

A Summary Report

Department of Revenue
Washington State

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Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Spokane 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 2025 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 certified levy request amount.

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(1)) and/or individual taxing district (RCW 84.52.070(2)).
- 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 limitations.

We audited regular and excess levies of approximately 40 percent of the taxing districts in the county. 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: Airway Heights, Spangle, Medical Lake, Waverly, Spokane, Deer Park, Fairfield, and Rockford.
- Fire Districts: No. 3, No. 5, No. 9, and No. 11.
- Cemetery Districts: No. 1, No. 4, and No. 6.
- Library District: Spokane.
- School Districts: Spokane, Great Northern, Liberty, Orchard Prairie, Meade, and West Valley.
- Other districts: State School and Park and Recreation No. 5.

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 where we saw opportunities to improve processes, procedures, and communication.

Results

The Department identified five requirements and one recommendation 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 levy the lesser of the property tax limits, which includes the certified levy request from the Spokane County Legislative Authority.
2. The Assessor is required to calculate the levy limitations as stated in chapter 84.55 RCW when the voters approve a levy lid lift.
3. The Assessor is required to calculate the levy limitations using the taxing district boundaries as required in RCW 84.09.030.
4. The Assessor is required to calculate the levy limitations as stated in chapter 84.55 RCW when the voters approve a levy lid lift.
5. The Assessor is required to use the Department's forms, with the Department's formulas, specifically the levy limit worksheets, unless there is a specific reason why a particular levy's limitations cannot be correctly calculated using our forms. Counties may customize the Department's forms and publications by including a specific county name or county contact information without the approval of the Department. Other changes require the approval of the Department.

Recommendations

1. The Department recommends the Assessor use the most current version of the $5.90 and Constitutional 1% levy limit worksheets when checking these two aggregate limitations.

Requirement 1 – County legislative authority levy request certification and refund levies

Requirement

The Assessor is required to levy the lesser of the property tax limits, which includes the certified levy request from the Spokane County Legislative Authority.

What the law says

Taxing districts, other than the state, may levy a property tax for administrative refunding purposes. The refund amount is in addition to the levy amounts authorized under chapter 84.55 RCW. The refund levy amount represents:

- Refunds paid or will be paid within the preceding 12 months. Refunds paid due to the taxpayer paying the property tax more than once do not qualify for the refund levy, and;
- Taxes abated or canceled, offset by any supplemental taxes collected under Title 84, other than taxes collected due to a highly valued disputed property decision with the preceding 12 months. (RCW 84.69.180)

Most taxing districts must certify their budgets or estimates of the amounts to be raised by taxation on the assessed valuation of property within their district on or before November 30 to the county legislative authority. (RCW 84.52.020)

The county legislative authority must certify on or before December 15 the amounts of property taxes to be levied upon the property in the county for county purposes to the county assessor. They must also certify the respective amounts of taxes levied by most boards for each taxing district within the county for district purposes to the county assessor on or before the first Monday in December. (RCW 84.52.070)

What we found

The Assessor notified the taxing districts that refund amounts had been calculated and that they could request the refund amount be added to the 2025 tax year property tax levy by responding to that message, specifying the dollar amount and levy name they want to apply the refund to. The message also states the amounts represent funds that were levied for the 2024 tax year but not collected.

Refund levies are based on certain activities that changed the amount of property taxes a taxpayer is subject to in the prior 12 months, not just for the prior tax year. It is unclear to the Department if the amounts provided to the districts only represent changes affecting property taxes for the 2024 tax year, or if they represent changes that occurred in the prior 12 months for any tax year.

The taxing districts reviewed in the audit completed their certification document with their levy request amounts to the Spokane County Legislative Authority on or before November 30, 2024. Most of these certifications did not include a reference to levying for refunding purposes.

The Spokane County Legislative Authority certified the levy request amounts in Resolution No. 24-0739 on November 18, 2024, prior to the statutory deadline of the first Monday in December. They subsequently recertified the levy request amounts in Resolution No. 24-0739 on December 10, 2024, after receiving additional information from the Assessor. This certification includes a footnote that states the certified amounts exclude requested refunds.

The Assessor added the requested refund levy amounts from the individual taxing districts to the certified levy request amounts in the Spokane County Legislative Authority's December 10, 2024, certification when determining the lesser of the levy limitations. The refund levy statute states the refund levy amount is in addition to the limitations in chapter 84.55 RCW, such as the 1% growth limit and amount authorized by the taxing district over the prior year's levy. It does not state the refund levy amount is in addition to the certified levy request amount from the Spokane Legislative Authority in RCW 84.52.070. When all the documents provided by the Assessor are reviewed together, the Department determined the Assessor's levy limitation calculations substantially complied with law.

Action needed to meet requirement

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

- Provide additional written education to the taxing districts and the Spokane County Legislative Authority that their certification of levy amounts to be raised by taxation on the assessed valuation of property must include the total amount they wish to be levied. This amount includes amounts for refunding purposes.
- Discontinue the practice of levying funds more than the Spokane County Legislative's certification of levy amounts for the individual taxing districts.
- Clarify the language in the Assessor's refund levy message to the taxing districts to say the refund amount represents refunds from the prior 12 months rather than a specific tax year.

Why it's important

Most taxing districts do not have statutory authority to levy property taxes directly to the county assessor, thus the inclusion of the refund amount in the county legislative authority's certification not only provides transparency in the property tax system, it ensures the correct amount of property taxes are levied.

Requirement 2 – City of Spokane

Requirement

The Assessor is required to calculate the levy limitations as stated in chapter 84.55 RCW when the voters approve a levy lid lift.

What the law says

With voter approval, taxing districts may increase their regular property taxes by more than the 1% growth limitation in chapter 84.55 RCW. The increase may be limited to a single-year or may be authorized up to six consecutive years.

The ballot proposition for a single-year lid lift must include the dollar rate proposed and clearly state any conditions that may apply. Those conditions are as follows:

- Make the increase a permanent increase.
- Limit the number of years the increased levy can be made.
- Limit the purpose for which he increased levy is to be made.
- Set the initial levy rate at something less than the statutory maximum rate limit.
- Provide that the exemption authorized by RCW 84.36.381 will apply to the levy of any additional regular property tax authorized by the voters. This condition is available only to counties and cities. (RCW 84.55.050)

All taxes must be levied or voted in specific amounts, except for voter approved levy lid lifts. (RCW 84.52.010(1)).

County assessors are required to determine the property tax limitations provided in chapter 84.55 RCW. (RCW 84.55.100)

When a levy error has occurred, the assessor must correct the amount of the error by making appropriate adjustments to the levy for the taxing district in the succeeding year. If the error correction will cause hardship for either the district or taxpayers, the district may choose to make the adjustment on a proportional basis over a period of not more than three consecutive years. The correction of an error cannot be made for any period more than three years preceding the year in which the error is discovered. (RCW 84.52.085)

What we found

The voters in the City of Spokane approved a permanent lid lift using the exemption condition in RCW 84.55.050(4)(e) that took effect with the 2020 tax year. The Assessor has been calculating the maximum levy amount for the city and two separate levy rates to be applied within the city limits of Spokane. One levy rate represents the levy rate as if the lid lift had not occurred and one representing the voter lid lift since this lid lift was approved.

In February 2024, the voters in the City of Spokane approved a single-year, temporary lid lift, limiting the period of the lid lift to three years. The proposition reads as follows:

> *"Measure No. 1 Library Operations Levy. The City of Spokane adopted Resolution No. 2023-0094 providing for an increase in the regular property tax levy in excess of state law beginning in 2025 in which the funding would be allocated one hundred percent for library operations. This measure replaces an expiring levy and authorizes an increase in the regular property tax levy for 2025 by $0.07 per $1,000 of assessed valuation for a levy rate not to exceed $3.60. The increase in the property tax levy would remain in effect for a period of three years."*

When the Assessor calculated the 2025 tax year levy limit for the City of Spokane's general levy, they increased the amount of revenue the district could have levied under RCW 84.55.010 for the 2025 tax year by an additional amount that represents what $0.07 per $1,000 assessed value would generate in the city, $2,467,271.86. They continued to levy two separate levy rates within the city, $2.006792 per $1,000 assessed value on all taxable property within the city and an additional $0.2022836 per $1,000 assessed value on taxable property subject to the lid lift that occurred starting with the 2020 tax year.

The new 2025 tax year voter approved levy lid lift authorizes a maximum levy rate of $3.60 per $1,000 for the 2025 tax year. It does not authorize the use of the exemption condition in RCW 84.55.050(4)(e), thus all taxable property within the boundaries of the city is subject to the lesser levy amount generated by the voter approved rate of $3.60 per $1,000 and the certified levy request amount made by the Spokane County Legislative Authority. Once this three-year lid lift expires, the lid lift that started with the 2020 tax year, using the exemption condition, will once again apply, assuming the voters in the district do not vote in another lid lift that would supersede this lid lift. The Assessor must continue to calculate the levy limitations as if the 2025 tax year lid lift had not occurred to have the correct base information once the 2025 tax year temporary lid lift expires.

The $0.07 increase used by the Assessor is not supported by statute. RCW 84.55.100 requires county assessors to determine the levy limitations as provided in chapter 84.55 RCW. The levy lid lift statute is included in chapter 84.55 RCW. The required ballot proposition language for a single-year lid lift is to state the maximum levy rate for the first year of the increase. It does not authorize county assessors to use a rate increase when determining the levy limitation.

The voter approved levy rate of $3.60 per $1,000 assessed value generates $126,888,266.94. The Spokane County Legislative Authority certified a levy amount of $77,530,000. The City of Spokane requested a refund levy amount of $408,163.43, for a grand total levy request amount of $77,938,163.43. The lesser of these two limitations is $77,938,163.43, which generates a levy rate of $2.211216175551 per $1,000 for all taxable property located within the City of Spokane. The Assessor levied $77,807,269.50 resulting in an underlevy of $130,893.93. See Appendix A for complete levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing district of the underlevy error. When there is an underlevy error, the Department interprets the statutes to give the taxing district the option of adjusting the following year's levy by the underlevy amount. If the correction in the succeeding year will cause 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.

- Begin the levy error correction with the 2025 levy limit calculations for the 2026 tax year. When calculating the district's levy limit capacity due to new construction, etc., use the levy rate that would have been certified if the error had not occurred in the prior year, $2.211216175551 per $1,000 assessed value.
- Use the levy's highest lawful levy of $126,888,266.94 when calculating the 2026 tax year levy limit.
- Apply the dollar and percentage increase authorized by the taxing district to the actual 2025 tax year levy amount of $77,807,269.50 when calculating the 2026 tax year levy limitations.

Why it's important

Applying the voter approved lid lift to the correct taxable value of the district ensures all taxpayers pay the correct amount of property taxes.

Requirement 3 – Library district annexation

Requirement

The Assessor is required to calculate the levy limitations using the taxing district boundaries as required in RCW 84.09.030.

What the law says

For the purposes of property taxation and levy of property taxes, the boundaries of most taxing districts are the established official boundaries of the district existing on the first day of August of the year in which the property tax levy is made. Exceptions to the first day of August include newly incorporated port districts or regional fire protection service authorities, annexed territory due to the dissolution of a financially insolvent school district, and newly established fire protection districts authorized under RCW 52.02.160. (RCW 84.09.030)

When a levy error has occurred, the assessor must correct the amount of the error by making appropriate adjustments to the levy for the taxing district in the succeeding year. If the error correction will cause hardship for either the district or taxpayers, the district may choose to make the adjustment on a proportional basis over a period of not more than three consecutive years. The correction of an error cannot be made for any period more than three years preceding the year in which the error is discovered. (RCW 84.52.085)

What we found

The City of Airway Heights adopted Ordinance No. C-1002 asking the Spokane County Legislative Authority to place Proposition 1 before the voters of the City of Airway Heights asking them to approve the annexation of the city into the Spokane County Library District. This proposition was approved by 70.15% of the voters in the August 2023 election. The ordinance states if the proposition is approved the annexation would become effective January 1, 2025.

The Assessor incorrectly included the annexation of the City of Airway Heights into the Spokane Library District for the 2024 levy limit calculations for the 2025 tax year. Since the boundaries of the library district did not include the City of Airway Heights as of August 1, 2024, the additional revenue capacity for the annexation cannot be included in the 2024 levy limitations for the 2025 tax year. The boundaries of the library district will include the City of Airway Heights as of August 1, 2025; thus the annexation will be part of the 2025 levy for the 2026 tax year.

The inclusion of the annexation for the 2025 tax year also impacted the statutory maximum rate limit for the cities and towns that are annexed into the library district. The correct levy rate, without the City of Airway Heights annexation, is $0.326970369121 per $1,000 assessed value. This rate should have been deducted from the base levy rate of $3.60 per $1,000 assessed value of the cities and towns annexed to the library district. The use of an incorrect levy rate for the levies reviewed in this audit did not result in any additional levy errors, nor did it impact the $5.90 or constitutional 1% aggregate rate limits.

This inclusion of the annexation for the 2025 tax year resulted in an overlevy of $395,446.90 for the library district. See Appendix B for complete levy limit calculations.

Revision September 24, 2025 – After the final levy audit was issued, it came to the attention of the Department, that an incorrect 2024 state assessed value and total taxable value was used in the levy audit report's levy limit calculations. The corrected overlevy amount is $399,885.53. See revised Appendix B for the corrected levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing district of the overlevy error. If the correction in the succeeding year will cause 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.
- Begin the levy error correction with the 2025 levy limit calculations for the 2026 tax year. When calculating the district's levy limit capacity due to new construction, etc., use the levy rate that would have been certified if the error had not occurred in the prior year, $0.333992414124 per $1,000 assessed value.
- Use the actual amount levied from the 2025 tax year, $18,673,162.50, in the levy calculations for the 2026 tax year when calculating the taxing district's authorized increase over the prior year's levy. This amount includes the levy error.
- Use the levy's highest lawful levy of $18,210,506.19 when calculating the 2026 tax year levy limit.

Why it's important

By calculating the levy limitations as required by law and levying the lesser of those limitations, it will ensure the assessor is not levying more or less than statutes allow on behalf of the taxing district and taxpayers pay the correct amount of property taxes.

Requirement 4 – City of Airway Heights

Requirement

The Assessor is required to calculate the levy limitations as stated in chapter 84.55 RCW when the voters approve a levy lid lift.

What the law says

With voter approval taxing districts may increase their regular property taxes by more than the 1% growth limitation in chapter 84.55 RCW. The increase may be limited to a single-year or may be authorized up to six consecutive years.

The ballot proposition for a multiple-year lid lift must include the dollar rate proposed, limit factor or a specified index to be used for determining a limit factor, and state any clearly state conditions that may apply. The title of the ballot measure must state the limited purposes for which the annual increase will be used.

The lid lift conditions are as follows:

- Make the increase a permanent increase.
- Limit the number of years the increased levy can be made.
- Limit the purpose for which he increased levy is to be made.
- Set the initial levy rate at something less than the statutory maximum rate limit.
- Provide that the exemption authorized by RCW 84.36.381 will apply to the levy of any additional regular property tax authorized by the voters. This condition is available only to counties and cities. (RCW 84.55.050)

All taxes must be levied or voted in specific amounts, except for voter approved levy lid lifts. (RCW 84.52.010(1)

County assessors are required to determine the property tax limitations provided in chapter 84.55 RCW. (RCW 84.55.100)

When a levy error has occurred, the assessor must correct the amount of the error by making appropriate adjustments to the levy for the taxing district in the succeeding year. If the error correction will cause hardship for either the district or taxpayers, the district may choose to make the adjustment on a proportional basis over a period of not more than three consecutive years. The correction of an error cannot be made for any period more than three years preceding the year in which the error is discovered. (RCW 84.52.085)

What we found

The City of Airway Heights (City) adopted Ordinance No. C-1030 asking the voters in the City limits to approve a permanent, multi-year levy lid lift, with a maximum levy rate of $2.39 per $1,000 assessed value

for the 2025 tax year, and a limit factor of 106% for tax years 2026 through 2030. The ordinance also included the lid lift condition in which taxpayers who qualify for the property tax exemption in RCW 84.36.381 are also exempt from the lid lift increase. The proposition received 51.98% yes votes. The proposition reads as follows:

> "*Public Safety Operations and City Services Levy. The City Council of the City of Airway Heights passed Ordinance No. C-1030 concerning funding for public safety services and City operations.*
>
> *To fund public safety services, operations, maintenance and capital, and other City services, this proposition increases the City's regular property tax levy by $1.00/$1,000, for a maximum rate of $2.39/$1,000 for collection in 2025; sets the limit factor for the City's total regular property tax levy for 2026-2030 to 6%; and authorizes the 2030 levy amount as the basis to calculate subsequent levies (RCW 84.55). Qualifying seniors, veterans, and others would be exempt (RCW 84.36).*"

The Assessor calculated the levy limitations as if the lid lift had not been approved by the voters. The Department agrees with the lesser of the limitations, the amount authorized by the City over the City's prior year's actual levy, plus the refund levy, for a total of $1,701,227.73. This amount generates a levy rate of $1.431326268456 per $1,000 assessed value. This amount and rate includes the district's refund levy of $16,398.30.

At the time the Assessor calculated the levy limitations for the City, the Department did not have a specific levy limit worksheet designed to assist in the calculation of the levy limitations for the first year of a levy lid lift when the exemption condition was used. The Department's calculations, Appendix C, uses a worksheet that will be formally published later this year. This worksheet follows the same calculation theory as form REV 64 0120, the Lid Lift HLL Calculation w/Exemption Condition, used to calculate the second and subsequent year's levy limit calculations. This worksheet was introduced during the 2024 Senior Levy Training presentation.

The Department disagrees with the Assessor's statutory maximum rate limit as they calculated the limitations as if the City had annexed into the Spokane Library District for the 2025 tax year. As referenced in Requirement No. 3, since the annexation has an effective date of January 1, 2025, the annexation, for property tax purposes, is not effective until the 2026 tax year. Thus, the statutory maximum rate limit must be calculated based on a levy rate of $3.375 per $1,000 assessed value. This did not result in a levy error as the statutory maximum rate limit was not the limiting factor for the city.

The Assessor determined a levy amount of $1,140,902.98 representing the lid lift increase amount and a levy rate of $0.96973933656 per $1,000 assessed value. The Assessor completed the following steps when determining this amount:

- Compared the levy amount based on the 2025 tax year's highest lawful levy, as if the lid lift had not occurred, and the $1.00 increase referenced in the proposition for a total of $2,861,074.88. This levy limitation is not supported in chapter 84.55 RCW and should not be used to determine the lesser of the levy limitations.
- Calculated the levy amount based on the voter approved levy rate of $2.39 per $1,000 assessed value.
- Deducted the amount generated by the voter approved levy rate of $2.39 per $1,000 assessed value from the current year's highest lawful levy, before the increase for the refund levy, as if the lid lift had not occurred for an amount of $1,140,902.98 noting this amount represents the amount

taxpayers who are subject to the lid lift must pay in addition to the amount as if the lid lift had not occurred.
- Used a certified levy request amount of $1,142,263.30 when reviewing the levy limitations for the lid lift portion of their calculations. It is unclear to the Department how the Assessor determined this amount as the Spokane County Legislative Authority certified a total general levy amount of $2,846,022.59 to the Assessor.

The Assessor's calculations resulted in a total levy amount of $2,842,130.71. Taxpayers subject to the lid lift's property taxes were based on a total levy rate of $2.391223860742 per $1,000 assessed value. Taxpayers not subject to the lid lift had their property taxes based on a levy rate of $1.43132268456 per $1,000 assessed value.

Taxpayers subject to the lid lift should have had their property taxes based on a levy rate of $2.403796699443 per $1,000 assessed value. This represents the voter approved levy rate of $2.39 per $1,000 assessed value plus their portion of the City's refund levy $16,312.04. For a levy amount of $2,842,044.45.

Taxpayers not subject to the lid lift correctly had their property taxes based on the levy rate of $1.431326268456 per $1,000 assessed value. This represents the lesser of the levy limitations as if the lid lift had not occurred plus the district's refund levy, for a levy amount of $8,949.48.

The Assessor's levy limit calculations resulted in an underlevy of $8,863.48. See Appendix C for complete levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing district of the underlevy error. When there is an underlevy error, the Department interprets the statutes to give the taxing district the option of adjusting the following year's levy by the underlevy amount. If the correction in the succeeding year will cause 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. If the city decides to implement the underlevy error, the error correction must only be applied to the taxpayers subject to the lid lift.
- Use the Department's levy limit worksheet, REV 64 0120, Lid Lift HLL Calculation w/ Exemption Condition when completing the 2026 tax year levy and future limitations for this levy and any other levy limit calculations that involve the lid lift exemption condition.
- Begin the levy error correction with the 2025 levy limit calculations for the 2026 tax year. When calculating the district's levy limit capacity due to new construction, etc., use the levy rate that would have been certified if the error had not occurred in the prior year:
    - $1.431326268456 for the levy calculations as if the lid lift had not occurred.
    - $2.403796699443 for the levy calculations representing the lid lift.
- Use the highest lawful levy of:
    - $1,698,760.06 when calculating the levy limit as if the lid lift had not occurred.
    - $2,825,732.41 when calculating the levy limit representing the lid lift. The voter approved 106% limit factor will be applied to this amount.
- Provide written guidance to the City reminding them that a statement requesting an increase over the prior year's levy subject to the lid lift is not necessary for the years the voters approved the use

of a 106% limit factor. If the district wishes to increase the property taxes on the property not subject to the lid lift, an ordinance or resolution authorizing that increase is required.

Why it's important

Using the Department's levy limit calculation worksheets will ensure the maximum levy amount will be determined in the same way across the state and the correct amount of property tax is levied for the taxing district.

Requirement 5 – Customizing forms and publications

Requirement

The Assessor is required to use the Department's forms, with the Department's formulas, specifically the levy limit worksheets, unless there is a specific reason why a particular levy's limitations cannot be correctly calculated using our forms. Counties may customize the Department's forms and publications by including a specific county name or county contact information without the approval of the Department. Other changes require the approval of the Department.

What the law says

The Department is required to prepare explanations of the property tax system including how district levy rates are determined, including the limitation under chapter 84.55 RCW. (RCW 84.08.115)

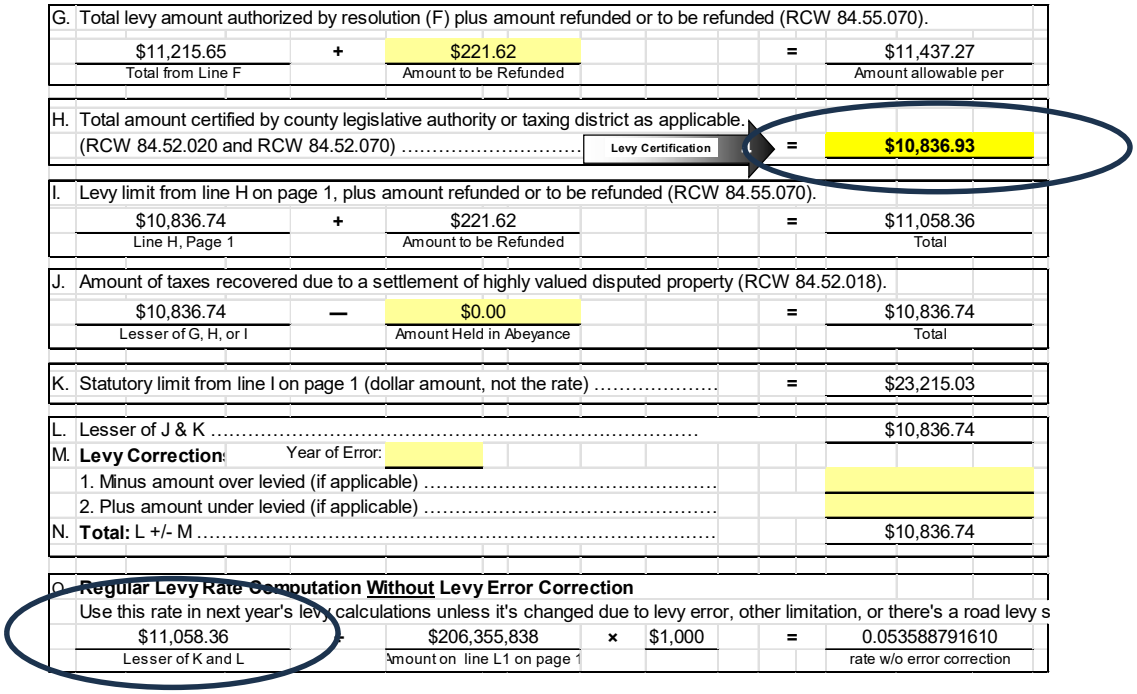
What we found

The Assessor has made modifications to the Department's levy limit worksheet, REV 64 007.

The Assessor altered the formula determining the lesser of the 1% growth limit plus refund, certified levy request amount from the county legislative authority, and increase authorized by the taxing district plus refund before an adjustment is made for any funds held in abeyance due to a highly valued disputed appeal and a levy error correction is made. The Assessor then relies on the correct levy limitation, which includes the refund levy, when calculating the levy rate. It is unclear why the Assessor is reporting something other than the lesser of the limitations in Line J and Line K of the Department's form, see example below for the City of Rockford:

G.	Total levy amount authorized by resolution (F) plus amount refunded or to be refunded (RCW 84.55.070).					
	$84,440.80 Total from Line F	+	$314.73 Amount to be Refunded		=	$84,755.53 Amount allowable per
H.	Total amount certified by county legislative authority or taxing district as applicable. (RCW 84.52.020 and RCW 84.52.070)		Levy Certification 4		=	**$95,000.00**
I.	Levy limit from line H on page 1, plus amount refunded or to be refunded (RCW 84.55.070).					
	$86,425.77 Line H, Page 1	+	$314.73 Amount to be Refunded		=	$86,740.50 Total
J.	Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).					
	$84,440.80 Lesser of G, H, or I	–	 Amount Held in Abeyance		=	$84,440.80 Total
K.	Statutory limit from line I on page 1 (dollar amount, not the rate)				=	$229,985.58
L.	Lesser of J & K					$84,440.80
M.	**Levy Correction:** Year of Error:					
	1. Minus amount over levied (if applicable)					
	2. Plus amount under levied (if applicable)					
N.	**Total:** L +/- M					$84,440.80
O.	**Regular Levy Rate Computation Without Levy Error Correction**					
	Use this rate in next year's levy calculations unless it's changed due to levy error, other limitation, or there's a road levy s					
	$84,755.53 Lesser of K and L	÷	$70,419,081 Amount on line L1 on page 1	× $1,000	=	1.203587561729 rate w/o error correction

Also, Line H, certified amount by the county legislative authority, must include the total allowable levy. This amount includes the refund levy amount. Without supporting data, it appears that some levies were made in amounts greater than the lesser limitation, such as Cemetery District No 1:



G.	Total levy amount authorized by resolution (F) plus amount refunded or to be refunded (RCW 84.55.070).					
	$11,215.65	+	$221.62		=	$11,437.27
	Total from Line F		Amount to be Refunded			Amount allowable per
H.	Total amount certified by county legislative authority or taxing district as applicable.					
	(RCW 84.52.020 and RCW 84.52.070)		Levy Certification		=	**$10,836.93**
I.	Levy limit from line H on page 1, plus amount refunded or to be refunded (RCW 84.55.070).					
	$10,836.74	+	$221.62		=	$11,058.36
	Line H, Page 1		Amount to be Refunded			Total
J.	Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).					
	$10,836.74	—	$0.00		=	$10,836.74
	Lesser of G, H, or I		Amount Held in Abeyance			Total
K.	Statutory limit from line I on page 1 (dollar amount, not the rate)				=	$23,215.03
L.	Lesser of J & K					$10,836.74
M.	**Levy Correction** Year of Error:					
	1. Minus amount over levied (if applicable)					
	2. Plus amount under levied (if applicable)					
N.	**Total:** L +/- M					$10,836.74
O.	**Regular Levy Rate Computation Without Levy Error Correction**					
	Use this rate in next year's levy calculations unless it's changed due to levy error, other limitation, or there's a road levy s					
	$11,058.36	÷	$206,355,838	× $1,000	=	0.053588791610
	Lesser of K and L		Amount on line L1 on page 1			rate w/o error correction

Action needed to meet requirement

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

- Use the Department's form REV 64 007, with the Department's formula's, unless there is a specific reason why the form's calculations will not work for an individual set of levy limit calculations.
- Obtain approval from the Department when making changes to our forms, unless the change is adding a reference to a specific county and contact information. Once approved by the Department, update the form number to reflect custom changes have been made. For example, update REV 64 007 to Spokane 64 007 and the date of the approved change.

Why it's important

Using the Department's forms, with explanations for each line item calculated, provides transparency and effective record keeping. In addition to the county assessors using this form to determine the lesser of the levy limitations for each levy, the Department also uses this information for our publications and model for impacts when reviewing proposed legislation. Without accurate information in the form, inaccurate information is being provided to the public.

Recommendation 1 – $5.90 and Constitutional 1% forms

Recommendation

The Department recommends the Assessor use the most current version of the $5.90 and Constitutional 1% levy limit worksheets when checking these two aggregate limitations.

What we found

The Assessor is using outdated $5.90 and Constitutional 1% levy limit worksheets when checking the aggregate limitations. The use of the outdated forms did not result in errors when checking these limitations.

Action recommended

The Department recommends the Assessor:

- Use the most current version of forms REV 64 0097 and REV 64 0096 posted on the Department's website when reviewing these limitations.

Why it's important

Using the current version of the aggregate rate check forms ensure the individual levies are given the correct protection if these limitations are exceeded.

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 2026. 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.

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

Appendix A – City of Spokane

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

Levy Limit Calculation for District: City of Spokane												
Assmt Year	Taxes Due						Voter Approved Levy Rate	Assd Value	Stat Rate Max.	☐ Annexed to Library? ☐ Annexed to Fire? ☐ Firemen's Pension? ☑ Lid Lift?		
2024	2025						$3.60	35,246,740,817	3.600000000000			

Actual Levy:								Summary of Levy Limits:				
Assmt Year	Taxes Due						Refund	Certified Budget	Limit Per Stat. Rate Maximum	Voter Approved Levy Amount Plus Refund		
2024	2025						408,163.43	77,938,163.43	126,888,266.94	127,296,430.37		
Assmt Year	Taxes Due	Current Year's Max Levy	Levy Correction	Total Levy w/ Correction	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	*Over/Under Levy*		New Highest Lawful Levy Since 1985	Levy Rate Without Levy Error or Levy Error Correction	
2023	2024					0						
2024	2025	77,938,163.43	0.00	77,938,163.43	**77,807,269.50**	0	**2.211216175551**	(130,893.93)		*126,888,266.94*	**2.211216175551**	

Appendix B – Spokane Library District (revised)

Levy Limit Calculation for District: Spokane Library												
Assmt Year	Taxes Due	Highest Lawful Levy Since 1985*	Limit Factor	Highest Lawful plus Increase	State Assd, NC & Increment Value	Tax Added for State Assd., NC, & Increment Value	Annexed Value	Tax Added for Annex.	Levy Limit	Assd Value	Stat Rate Max.	☐ Annexed to Library? ☐ Annexed to Fire? ☐ Firemen's Pension? ☐ Lid Lift?
2024	2025	**17,698,098.14**	**101.00000%**	17,875,079.12	**1,005,206,859**	335,427.07	0	0.00	18,210,506.19	**54,711,652,712**	**0.500000000000**	

Actual Levy:									Summary of Levy Limits:			
Assmt Year	Taxes Due	Previous Year's Levy	Lesser of Resolution's $ or %	Previous Yr's Levy plus Increase	Tax Added for State Assd., NC, & Increment	Tax Added for Annex.	Authorized Levy by Res.	Refund	Certified Budget	Limit Per Stat. Rate Maximum	Levy Limit Plus Refund	Authorized Levy By Res. Plus Refund
2024	2025	**17,741,829.67**	**1.096%**	17,936,280.12	335,427.07	0.00	18,271,707.19	**62,770.78**	**18,616,000.00**	27,355,826.36	18,273,276.97	18,334,477.97

Assmt Year	Taxes Due	Current Year's Max Levy	Levy Correction	Total Levy w/ Correction	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	*Over/Under Levy*	New Highest Lawful Levy Since 1985	Levy Rate Without Levy Error or Levy Error Correction
2023	2024					**.33368959108**				
2024	2025	18,273,276.97	0.00	18,273,276.97	**18,673,162.50**	**.3340445255**	.333992414124	399,885.53	***18,210,506.19***	**0.333992414124**

Appendix C – City of Airway Heights

First Year Levy Calculations For Lid Lift With Exemption Condition

TAXING DISTRICT **City of Airway Heights** **2024** Levy for **2025** Taxes

Instructions for electronic version of form - Fill in highlighted cells all other self populate.

Step 1 - Calculate levy rate for property not subject to the levy lid lift and excess levies.

1-A Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).

Year		$1,646,722.34 (Highest Lawful Levy Since 1985)	×	101.000% (Limit Factor/Max Increase 101%)	=	$1,663,189.56

1-B Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities 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).

$24,735,290 (A.V.)	×	1.412588244851 (Last Year's Levy Rate)	÷	$1,000	=	$34,940.78

1-C Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in 1-B &1-D cannot be included in 1-C)

	×	1.412588244851 (Last Year's Levy Rate)	÷	$1,000	=	$0.00
A.V.						

1-D Current year's state assessed property value 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).

$13,301,683 (Current Year's A.V.)	-	$12,855,891 (Previous Year's A.V.)	=	$ 445,792.00 (Remainder)		
$445,792 (Remainder from Line 1-D)	×	1.412588244851 (Last Year's Levy Rate)	÷	$1,000	=	$629.72

1-E Regular property tax limit: ..... 1A+1B+1C+1D = $1,698,760.06

Parts I-F through 1-H are used in calculating the additional levy limit due to annexation.

1-F To find the rate to be used in 1-G, take the levy limit as shown in Line 1-E above and divide it by the current assessed value of the district, excluding the annexed area.

$1,698,760.06	÷	$1,188,567,392	×	$1,000	=	1.429250096742
Total in Line1- E		Assessed Value Less Annexed AV				

1-G Annexed area's current assessed value including new construction and improvements, times the rate in Line 1-F.

	×	1.429250096742	÷	$1,000	=	0
Annexed Area's A.V.		Rate in Line1- F				

1-H Regular property tax limit including annexation ..... 1E+1G = $1,698,760.06

1-I **Statutory maximum calculation**

Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library, or has a firefighters pension fund.

3.375000000000	-		-		+		3.375000000000
District base levy rate		Fire or RFA Rate		Library Rate		Firefighter Pension Fund	Statutory Rate Limit

$1,188,567,392	×	3.375000000000	÷	$1,000	=	$4,011,414.95
A.V. of District		Statutory Rate Limit				Statutory Amount

1-J **Highest lawful Levy For This Tax Year (Lesser of 1-H and 1-I)** ..... = $1,698,760.06

1-K **New highest lawful levy since 1985** (From step 1, lesser of I & H minus C, unless A (before limit factor increase) is greater than I or H minus C, then A before the limit factor increase.) = $1,698,760.06

1-L **Tax Base For Excess Levies**

1. Regular levy assessed value (including state-assessed property, and excluding boats, timber assessed value, and the senior citizen exemption for the regular levy)		$1,188,567,392
2. Less assessed value of the senior citizen exemption of less than $40,000 income or 65% of the median household income for the county based on lower of frozen or market value.		$6,252,577
3. Plus Timber Assessed Value (TAV) ……..……..		
4. Tax base for excess and voted bond levies ……..…..……	(1-2+3)	$1,182,314,815

Excess Levy Rate Computation - Excess levy amount divided by the assessed value in Line 1-L 4 above.

Levy Amount	÷	A.V. from Line 1- L4 above	×	$1,000	=	
$701,289.09		$1,182,314,815				0.593149202820

Bond Levy Rate Computation - Bond levy amount divided by the assessed value in Line 1-L 4 above.

Levy Amount	÷	A.V. from Line 1- L4 above	×	$1,000	=	
$444,303.30		$1,182,314,815				0.375791028213

Population: ☐ Less than 10,000 ☑ 10,000 or more

Was a resolution/ordinance adopted authorizing an increase over the previous year's ☑ Yes ☐ No

Was a second resolution/ordinance adopted authorizing an increase over the IPD? ☐ Yes ☐ No ☑ N/A

If so, what was the percentage increase? _____ Calculated % Increase 1.008446395819%

1-M Previous year's actual levy adjusted by the increases as stated in ordinance or resolution (RCW 84.55.120).

Year		$1,632,929.63	+	$16,467.22	=	$1,649,396.85
		Previous Year's Actual Levy		Plus Resolution Increase Amount		
Year	0	$1,632,929.63	×	1.000000000000%	=	$1,649,258.93
		Previous Year's Actual Levy		Resolution Percentage of Increase		

1-N	Amount for new construction, improvements, & certain green energy (Line 1-B)	=	$34,940.78
1-O	Amount for increment value increase (Line 1-C)	=	$0.00
1-P	Amount for increase in value of state-assessed property (Line 1-D)	=	$629.72
1-Q	Amount for increase in annexation (Line 1-G)	=	0
1-R	Total levy amount authorized, including the annexation ..... Lesser of 1-M+ (1-N+1-O+1-P+1-Q)	=	$1,684,829.43

1-S Total levy amount authorized by resolution (1-R) plus amount refunded or to be refunded (RCW 84.55.070).

$1,684,829.43	+	$16,398.30	=	$1,701,227.73	
Total from 1-R		Amount to be Refunded		Amount allowable per Resolution/Ordinance	

1-T Levy limit from line 1-H, plus amount refunded or to be refunded (RCW 84.55.070).

$1,698,760.06	+	$16,398.30	=	$1,715,158.36	
Line 1-H		Amount to be Refunded		Total	

1-U Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).

$1,701,227.73	—		=	$1,701,227.73	
Lesser of 1-S and 1-T		Amount Held in Abeyance		Total	

1-V	Statutory limit from line 1-I on page 1 (dollar amount, not the rate)	=	$4,011,414.95

1-W	Lesser of I-U and 1-V	$1,701,227.73
1-X	**Levy Corrections** Year of Error:	
	1. Minus amount over levied (if applicable)	
	2. Plus amount under levied (if applicable)	
1-Y	**Total:** 1W +/- 1X	$1,701,227.73

1-Z **Regular Levy Rate Computation Without Levy Error Correction**

Use this rate in next year's levy calculations unless it's changed due to levy error, other limitation, or there's a road levy shift.

$1,701,227.73	÷	$1,188,567,392	×	$1,000	=	1.431326268456
Lesser of 1-V and 1-W		TV on line 1-I				rate w/o error correction

1-AA **Regular Levy Rate Computation:** Lesser of 1-V and 1-Y divided by the assessed value in line 1-I.

Use this rate for the current year's tax roll unless it is changed due to another levy limitation such as the $5.90 limit.

$1,701,227.73	÷	$1,188,567,392	×	$1,000	=	1.431326268456
Lesser of 1-V and 1-Y		Amount on line 1-I				rate before aggregate check

1-AB **Road Levy Shift Rate Computation - (Do not enter a shift amount in both shift fields.)**

1-AC

Amount shifted **TO** this taxing district	**OR**	Amount shifted **FROM** this taxing district

1-AD

$1,701,227.73	÷	$1,188,567,392	×	$1,000	=	1.431326268456
Post Shift Levy Amount		Amount on line 1-I				Post Shift Levy Rate

Step 2 - Calculate the levy limitation amounts for property subject to the levy lid lift.

2-A Levy amount approved by the voters

$1,182,314,815	×	2.390000000000	÷	$1,000	=	$2,825,732.41
TV subject to lid lift		Levy Rate Approved by Voters				Levy Amount Approved by the Voters

2-B **Statutory maximum calculation**

Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library, or has a firefighters pension fund.

3.375000000000	-		-		+		3.375000000000
District base levy rate		Fire or RFA Rate		Library Rate		Firefighter Pension Fund	Statutory Rate Limit

$1,182,314,815	×	3.375000000000	÷	$1,000	=	$3,990,312.50
A.V. of District Subject to Lid Lift 2-A		Statutory Rate Limit				Statutory Amount

2-C **Highest lawful Levy For This Tax Year (Lesser of 2-A and2-B)** ..... = $2,825,732.41

2-D **New highest lawful levy since 1985** ..... = $2,825,732.41

Refund Levy calculations:

2-E

$16,398.30	÷	$1,188,567,392	×	$1,000	=	0.013796693490
Total Refund Amount 1-S		Total District Taxable Value 1-I				Levy Rate for Refund Only

2-F

$0.013796693490	×	$6,252,577	÷	$1,000	=	$ 86.26
Refund Levy Rate Line 2-E		AV of parcels NOT subject to the lid lift (dfference between1-I and 2-B)				Refund amount based on AV NOT subject to Lid Lift

2-G

$16,398.30	-	$ 86.26	=	$ 16,312.04
Total Refund Amount 1-S		Refund amount based on TV not subject to lid lift Line 2-F		Remaining refund amount subject to lid lift levy amount

2-H Total levy amount (lesser of voter approved amount or statutory maximum rate limit, plus refund levy:

$2,825,732.41	+	$16,312.04	=	$2,842,044.45
Total from Line 2-C		Refund Amount from Lince 2-G		Total Levy

2-I Amount of taxes recovered due to a settlement of highly valued disputed property (RCW 84.52.018).

$2,842,044.45	—		=	$2,842,044.45
Total Levy from Line 2-H		Amount Held in Abeyance		Total

2-J Statutory limit from line 2-B (dollar amount, not the rate) ……..... = $3,990,312.50

2-K Lesser of 2-I and 2-J …….. $2,842,044.45

2-L **Levy Correction** Year of Error:

(If the error occured in the 2024 tax year or a subsequent year & correction results in a rate greater than the statutory maximum rate limit, please contact DOR for additional instructions.)

1. Minus amount over levied (if applicable) ……

2. Plus amount under levied (if applicable) ……

2-M **Total:** 2K +/- 2L …… $2,842,044.45

Step 3 - Determine levy amount not subject to the lid lift & total district allowable levy

3-A	1.431326268456 Levy rate for parcels not subject to the lid lift (rate from Step 1-AD)	x	$6,252,577 AV of parcels not subject to the lid lift 2-F	÷	$1,000	=	$8,949.48 Levy amount from parcels not subject to the lid lift

3-B	Allowable levy amount from 2-M (subject to the lid lift).....	$2,842,044.45
3-C	Total levy amount (3-A +3-B) ….....	$2,850,993.93
3-D	Total amount certified by county legislative authority or taxing district as applicable (RCW 84.52.020 & RCW 84.52.70).....	$2,862,420.89
3-E	Total levy amount (lesser of 3-C and 3-D) ….....	$2,850,993.93

Step 4 - Calculate the levy amount and rate subject to the lid lift

4-A	$2,850,993.93 Lesser Levy Limit, 3-E	-	$8,949.48 Levy Amount Not Subject to Lid Lift, 3-A			=	$2,842,044.45 Levy Amount Subject to Lid Lift
4-B	**$2,842,044.45** Levy Amount Subject to Lid Lift, 4-A	÷	**$1,182,314,815** Assessed Value Subject to Lid Lift, Line 2-A	÷	$1,000	=	2.403796699443 Levy Rate Subject to Lid Lift*

***Use this levy rate in next year's levy calculations when calculating the new growth limit subject to the lid lift, unless this rate contains a levy error or a levy error correction.**

Step 5 - Alternative levy rates for county assessors to use in their tax rolls depending on how their assessment software is programmed to track the taxable value subject to the lid lift and not subject to the lid lift. Use the information in 5-B and 5-C when reporting information to the Department of Revenue.

5-A	2.403796699443 Levy Rate for Parcels Subject to Lid lift (4-B)	-	1.431326268456 Levy Rate for parcels exempt from lid lift (From step 1-AD)			=	0.972470430987 Rate representing lid lift	
5-B	$1,188,567,392 Total AV of District 1-I	x	1.431326268456 Levy rate for all taxable parcels 1-AD	÷	$1,000	=	$1,701,227.73 Regular Levy Amount	
5-C	$1,182,314,815 Assessed Value of Parcels Subject to Lid Lift2-A	x	0.972470430987 Lid Lift Levy Rate 5-A	÷	$1,000	=	$1,149,766.20 Lid Lift Levy Amount	