



# RULE-MAKING ORDER PERMANENT RULE ONLY

## CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

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STATE OF WASHINGTON  
FILED

DATE: January 23, 2019  
TIME: 2:23 PM

WSR 19-04-003

**Agency:** Department of Revenue

**Effective date of rule:**

**Permanent Rules**

- 31 days after filing.
- Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

- Yes  No If Yes, explain:

**Purpose:** WAC 458-19-090 is a new rule written due to legislation passed in 2017, ESSB 5628, which allowed a city or town to form a fire protection district under specific conditions as described in RCW 52.02.160. This rule explains how the county assessor calculates the highest lawful levy under chapter 84.55 RCW, for a city or town when a fire protection district has been established under these conditions.

**Citation of rules affected by this order:**

New: WAC 458-19-090 Fire protection district formation-Cities and towns-Highest lawful levy  
 Repealed:  
 Amended:  
 Suspended:

**Statutory authority for adoption:** RCW 84.08.010, 84.08.070, 84.55.060)

**Other authority:**

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 18-23-068 on November 16, 2018 (date).  
 Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:  
 Address:  
 Phone:  
 Fax:  
 TTY:  
 Email:  
 Web site:

Other: This rule is not a significant legislative rule as defined by RCW 34.05.328.

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

**The number of sections adopted at the request of a nongovernmental entity:**

New	___	Amended	___	Repealed	___
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**The number of sections adopted on the agency's own initiative:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted using:**

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	<u>1</u>	Amended	___	Repealed	___

**Date Adopted:** January 23, 2019

**Name:** Erin T. Lopez

**Title:** Rules Coordinator

**Signature:**



NEW SECTION

**WAC 458-19-090 Fire protection district formation—Cities and towns—Highest lawful levy.**

(1) **Introduction.** RCW 52.02.160 allows a city or town to establish a fire protection district, subject to voter approval, within the same corporate boundaries of the city or town, for the provision of fire prevention services, fire suppression services, emergency medical services, and for the protection of life and property within the city or town. This rule explains how to calculate the highest amount of regular property taxes that can be lawfully levied (highest lawful levy) by a city or town that creates this type of fire protection district.

(2) **Definitions.** The definitions found in WAC 458-19-005 apply to this rule.

(3) **Example.** This rule includes an example that identifies a number of facts and then states a conclusion. This example should only be used as a general guide. The tax results of other situations must be determined after a review of all the facts and circumstances.

(4) **Highest lawful levy limit calculation.**

(a) **First year.** A city or town that establishes a fire protection district under RCW 52.02.160 must reduce its highest lawful levy by the total amount initially levied in the first year by the newly established fire protection district. This reduced amount will become the new highest lawful levy for the city or town, and will be used for subsequent levy limit calculations under chapter 84.55 RCW. This reduction in the highest lawful levy for the city or town must occur in the first year the newly established fire protection district imposes its property tax levy.

(b) **Second and subsequent years.** The city or town must further reduce its highest lawful levy in subsequent years if the fire protection district initially imposes any additional regular property tax levies as allowed under RCW 52.16.140 and 52.16.160 in those subsequent years.

(c) **Maximum rate.** The maximum statutory dollar rate for fire protection districts is one dollar and fifty cents per one thousand dollars of assessed value. This rate consists of three regular property tax levies as follows: RCW 52.16.130 (up to \$0.50), 52.16.140 (up to \$0.50), and 52.16.160 (up to \$0.50).

**Example.** City A establishes a fire protection district under RCW 52.02.160. Prior to the formation, City A annually levied an amount of \$200,390, which is equal to its highest lawful levy. In this example, the maximum statutory dollar rate of the city is \$3.375 per \$1,000 of assessed value.

**First year levy.** In its first year, the newly established fire protection district determines it will need to levy \$57,000 and its total assessed value is \$59,375,000 (the same total assessed value as City A). This levy amount is the equivalent to a levy rate for the fire protection district of \$0.96 per \$1,000 of assessed value ( $\$57,000/\$59,375,000(1,000)$ ), thus the district is initially imposing regular property tax levies under RCW 52.16.130 (\$0.50) and 52.16.140 (\$0.46) in the first year. Therefore, City A must reduce its highest lawful levy by \$57,000. City A's reduced highest lawful levy amount is the amount it will use when calculating the following year's levy calculations.

Second year levy. One year later, the fire protection district requests an increased levy amount of \$74,000 and its total assessed value, along with the total assessed value of City A, has increased to \$60,655,738. The increased levy amount is the equivalent to a levy rate for the fire protection district of \$1.22 per \$1,000 of assessed value ( $\$74,000/\$60,655,738(1,000)$ ), thus the district is imposing regular levies under RCW 52.16.130, 52.16.140, and is initially imposing the third regular levy under RCW 52.16.160 (\$0.22). Therefore, City A must further reduce its highest lawful levy by the amount resulting from the fire district initially imposing the third regular levy under RCW 52.16.160. The additional amount resulting from the initial imposition of the fire protection district's third regular levy under RCW 52.16.160 is \$13,344 ( $\$0.22$  per \$1,000 of assessed value multiplied by the total assessed value of \$60,655,738). City A must make a reduction of \$13,344 to its highest lawful levy. City A's newly reduced highest lawful levy is the amount it will use when calculating the following year's levy calculations.

Subsequent year levies. In subsequent years, if the fire protection district's levy rate increases beyond \$1.22 per \$1,000 of assessed value, City A is not required to further reduce its highest lawful levy because the fire protection district had already initially imposed all three regular levies under RCW 52.16.130, 52.16.140, and 52.16.160.

**(5) Constitutional one percent limit and five dollars and ninety cents aggregate dollar limit.** Fire protection district levies are subject to the constitutional one percent limit for regular property taxes and the statutory aggregate dollar rate limit of five dollars and ninety cents per thousand dollars of assessed value. If a reduction in a fire protection district levy is required because it exceeds these limits, it is reduced in the manner described in RCW 84.52.010, 84.52.043, and 84.52.125.