

Thurston County Treasurer

Maintain the public's trust by managing their funds with integrity while utilizing best professional practices to provide excellent customer service with a staff that is responsive, knowledgeable, efficient and courteous

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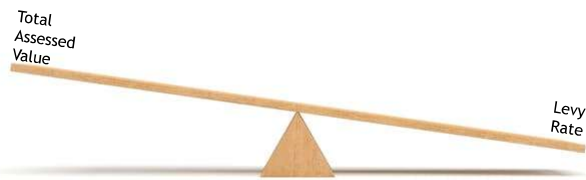
Let's Review



- ▶ The amount of property tax levied is determined by the budget needs of each tax district.
 - ▶ The legislative authority of each tax district determines the budget of the district for the following year based on public expectations, desired service levels, and operational needs.
 - ▶ The legislative authority must authorize the levy of property taxes each budget cycle.

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- ▶ The portion of the budget to be derived from property taxes is applied to the taxable assessed value within the boundaries of the tax district to determine the levy rate.
 - ▶ The budget determines the levy rate, not the other way around.
 - ▶ The Port of Olympia’s district boundaries comprise all of Thurston County.
- ▶ As total taxable assessed value within the district boundaries increases, levy rates tend to decrease and vice versa.
- ▶ The assessed value of your property does not determine your taxes, it determines your share of a taxing district budget.



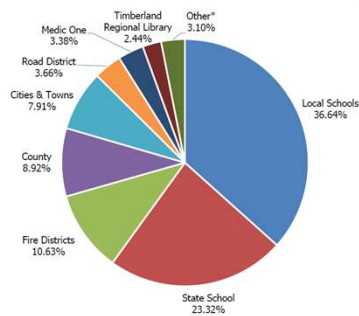
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Levy Rates Depend on Amount of Revenue

$$\text{Revenue} / \text{Assessed Value} = \text{Levy Rate}$$

- ▶ $\$8,082,440 / \$64,036,558,705 = \$0.126216026649$
- ▶ Levy Rate = $\$0.126216026649$ per \$1,000 assessed val
- ▶ This levy will be added to all other levies within a tax code area to determine the total levy rate for that area.



* Includes Port of Olympia (1.36%), Park Districts (1.35%), Conservation Futures (0.28%), P.U.D. #1 (0.06%), and Cemetery Districts (0.05%)

2024

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Base Year

- ▶ Budget = \$5,000,000
- ▶ Taxable Assessed Value = \$30,000,000,000

- ▶ Levy Rate Calculation
 - ▶ $\$5,000,000 / \$30,000,000,000 = \$0.16667 / \$1,000$
 - ▶ In Washington State, levy rates are expressed as a rate per \$1,000 of assessed value. So, for the calculation above, we say 0.16667 dollars per \$1,000 of assessed value.



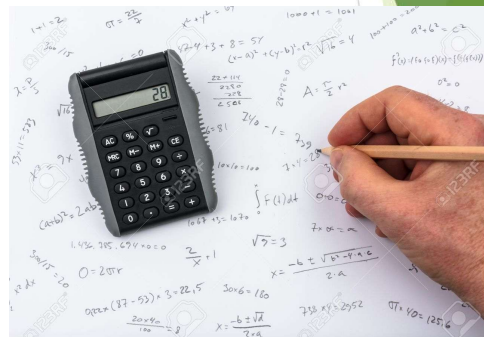
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Following Year, Scenario A

- ▶ In this year, the district elects to increase their revenue at the 1% limit, but assessed values remain the same.
 - ▶ Budget = $\$5,000,000 + \$50,000 (1\%) = \$5,050,000$
 - ▶ Taxable Assessed Value = \$30,000,000,000

- ▶ Levy Rate
 - ▶ $\$5,050,000 / \$30,000,000,000 = \$0.16833 / \$1,000$

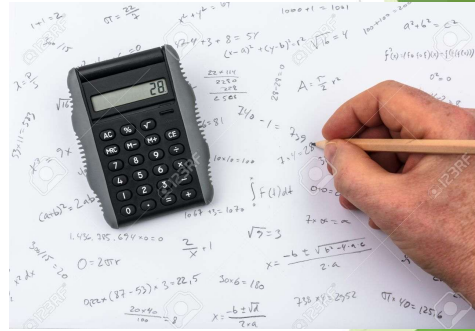
- ▶ Notice that the levy rate is slightly higher than last year. This is because the budget increased, but the assessed values remained the same.



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Following Year, Scenario B

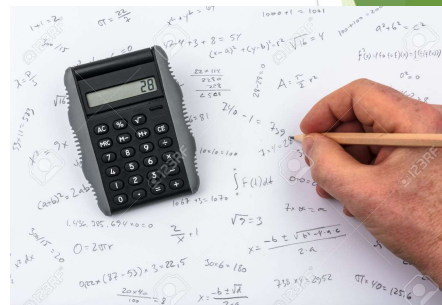
- ▶ In this year, the district elects to increase their revenue at the 1% limit, and assessed values increased 5%.
 - ▶ Budget = $\$5,000,000 + \$50,000 (1\%) = \$5,050,000$
 - ▶ Taxable Assessed Value = $\$30,000,000,000 + \$1,500,000,000 = \$31,500,000,000$
- ▶ Levy Rate
 - ▶ $\$5,050,000 / \$31,500,000,000 = \$0.16032 / \$1,000$
- ▶ Notice that the levy rate is lower in this scenario, even though the revenue level was increased. This is due to the offset from the increased assessed values.
- ▶ The most likely scenario from one year to the next is that both the budget and the assessed values will change.



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Second Following Year (Using Scenario B)

- ▶ In this year, the district elects to increase their revenue at the 1% limit for a consecutive time and assessed values increased 7% over the previous year.
 - ▶ Budget = $\$5,050,000 + \$50,500 (1\%) = \$5,100,500$
 - ▶ Taxable Assessed Value = $\$31,500,000,000 + \$2,205,000,000 = \$33,705,000,000$
- ▶ Levy Rate
 - ▶ $\$5,100,500 / \$33,705,000,000 = \$0.15133 / \$1,000$
- ▶ The levy rate is significantly lower, again due to the offset of the increased assessed values.



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Revenue from New Construction

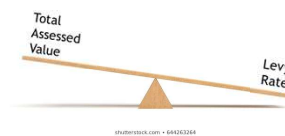
- ▶ In addition to the 1% increase to revenue, the Port of Olympia levy can be applied to any added value from new construction that has occurred within the district.



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Levies and Revenue

- ▶ Generally speaking, levy rates tend to rise and fall in opposite correlation with assessed values.
 - ▶ So, a corollary wisdom is that as assessed values fall, levy rates tend to rise
 - ▶ Since 1986, the average total levy rate in Thurston County has been as low as \$9.50/\$1,000 and as high as \$18.00/\$1,000.
 - ▶ For 2024, the total average levy rate is about \$9.83/\$1,000



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Considerations for the 1% Limit

- ▶ Current revenue needs
 - ▶ Levy capacity can be banked to future years.
 - ▶ Potential loss of investment interest if the 1% is not taken.
- ▶ General economy
 - ▶ Is the economy moving up or down?
 - ▶ Recent and current inflation.
 - ▶ Inflation forecast.
- ▶ It is possible to exceed the 1% limit by asking the voters to pass a levy lid lift.



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Questions



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