

# Tax Levy

## Calculated Proposed Amount

	1% + New Construction Increase	
2023 levy amount		\$ 7,587,578
Increase on prior year levy	1%	75,876
Levy increase for new construction		115,453
Administrative Refund Re-Levy		79,261
<b>Proposed 2024 tax levy</b>		<b>\$ 7,858,167</b>
<b>Increase (Decrease)</b>		<b>\$ 270,589</b>
2024 Preliminary Assessed Valuation	\$60,139,661,071	
2024 Millage Rate (calculated)		\$ 0.1307
2023 Millage Rate		\$ 0.1267
Difference		\$ 0.0040

# 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

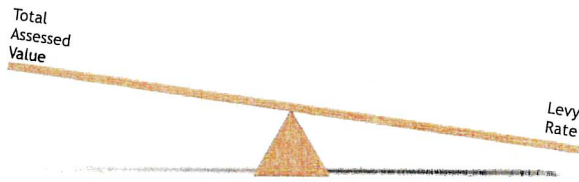
- ▶ The amount of property tax levied is determined by the budget needs of each tax district.
  - ▶ The legislative authority of each tax district determines the budget of the district for the following year, based on public expectations, desired service levels, and operational needs.
  - ▶ The legislative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

**REVIEW**

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- ▶ The portion of the budget to be derived from property taxes is applied to the taxable assessed value within the tax district to determine the levy rate.
  - ▶ 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.

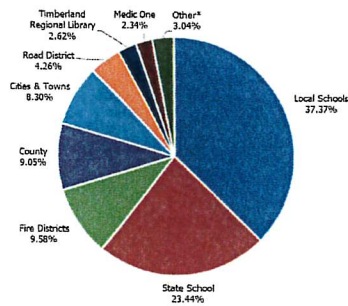


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## Levy Calculations Depend on Amount of Revenue

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

- ▶  $\$6,452,560.33 / \$35,031,856,677 = 0.184191217425$
- ▶ Levy Rate = \$0.184191217425 per \$1,000 assessed value
  - ▶ 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 (1.38%), Park Districts (1.25%), Conservation Futures (0.30%), P.U.D. #1 (0.06%), and Cemetery Districts (0.05%)

## 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 cents 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

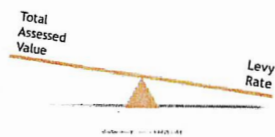
- ▶ In addition to the 1% additional revenue, the Port of Olympia levy can be applied to any added value from new construction that has occurred within the district.



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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 2023, the total average levy rate is about \$9.50/\$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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# Tax Levy Uses

(in 000's)

Tax Levy	\$ 7,858
<b>Total Tax Levy Revenues</b>	<b>\$ 7,858</b>
<b>Uses of Taxes:</b>	
Principle & Interest Expense, Debt	(4,616)
Environmental Expense:	
Cascade Pole	(729)
Environmental Administration	(1,003)
Budd Inlet Remediation (Port Share Only)	(500)
Community Events	(63)
Public Amenities	(65)
Harbor Patrol	(33)
Small Cities	(50)
Special Projects	(50)
Commission Expense	(1,010)
<b>Total Use of Taxes</b>	<b>\$ (8,119)</b>
<b>Net Levy Funds</b>	<b>\$ (261)</b>
<b>Funds Required From Operations</b>	<b>\$ 261</b>



## Policies & Procedures | Policy 1201 | Taxation

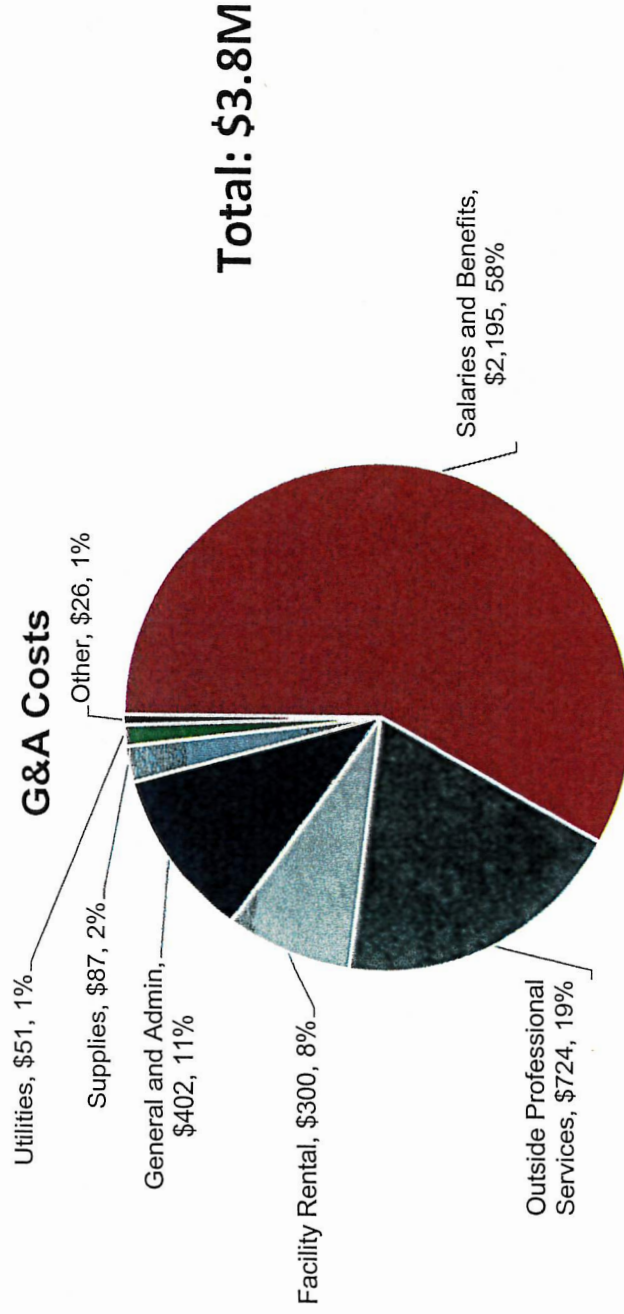
- Authorized Uses: The Port plans to use the levy revenues to provide for any or all of the following, together with such other purposes as shall be provided for in such budget as is adopted by the Commission
  - General obligation bond principal and interest payments
  - Environmental costs
  - Capital asset acquisitions
  - Operation and maintenance of public facilities where user fees are set below cost
  - Operation and maintenance of public spaces and roads
  - Real estate acquisition fund
  - Special projects as established by the Commission



Reference guidelines for tax levy use. Help to frame the following slides.

# Budget Overview

General and Administration (in 000's)



■ Salaries and Benefits ■ Outside Professional Services ■ Facility Rental ■ General and Admin ■ Supplies ■ Utilities ■ Other

# Budget Overview

*General and Admin.*  
*(in 000's)*

## G&A Allocation To Department

