



Property Tax Levies and Local Tax Increment Financing – Washington Public Ports Seminar

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Simple Levy Process

	
<p>Taxing Districts The amount of funds needed to be raised through the levying of property taxes</p>	<p>Taxpayers Assessed value of their parcels</p>

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Port district levies



- General RCW 53.36.020
- Industrial Development RCW 53.36.100/53.36.160
- Dredging, canal construction or land leveling RCW 53.36.070
- Dissolution RCW 53.47.040
- Statutory maximum rate limit - \$0.45/\$1,000 each levy

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Levy Certification or Budget Documentation



RCW 84.52.020

(RCW 53.35.045 - Alternate budget hearing date does not apply to the November 30 deadline.)

November 30 deadline!

- Submit levy certification to the county legislative authority :
 - Optional use DOR's Levy Certification (REV 64 0100)

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Levy Limit:

- Limits growth in taxing district regular levies to 1 percent or the rate of inflation plus other allowable increases



District Population	Implicit Price Deflator (IPD)	Substantial Need Resolution	Limit Factor (Growth Limit)
< 10,000	N/A	N/A	101%
10,000 or >	> 1%	N/A	101%
10,000 or >	< 1%	No	100% + IPD
10,000 or >	< 1%	Yes	% Stated in Resolution cannot exceed 101%

**RCW
84.55.005
&
84.55.010**

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<p>RCW 84.55.120 Authorizing Increase Resolution</p>	<p>Current Year’s Property Tax Levy Request Amount</p>	<p>\$250,000</p>
	<p>Deduct Allowable Increases (NC/Utility increase, increment value, refunds, etc.)</p>	<p>\$15,000</p>
	<p>Adjusted Current Year’s Levy Request Amount</p>	<p>\$235,000</p>
	<p>Less Actual Levy From Prior Year</p>	<p>\$200,000</p>
	<p>DOLLAR INCREASE</p>	<p>\$35,000</p>
	<p>Adjusted Current Year’s Levy Request Amount</p>	<p>\$235,000</p>
	<p>Divided by Prior Year’s Actual Levy</p>	<p>\$200,000</p>
	<p>PERCENTAGE CHANGE</p>	<p>17.5%</p>

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Levy Lid Lift

The 1% growth limit may be exceeded if approved by the voters in the taxing district.

Two types:
 Single year
 Multi year

Proposition must state the levy rate for 1st year of the lid lift



RCW 84.55.050

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Levy Lid Lift

Optional conditions for port districts:

- Permanent increase
- Limited time period
- Limited purpose
- Rate less than statutory maximum rate

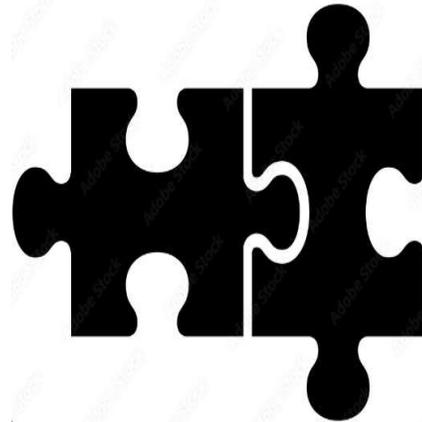


RCW 84.55.050(4)

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2023 Legislation EHB 1663 – Port District Functional Consolidation

- Jointly operating ports districts may functionally consolidate
- Voter requirements
- Same levy rate applied to port districts in each county
- Chapter 53.08 RCW

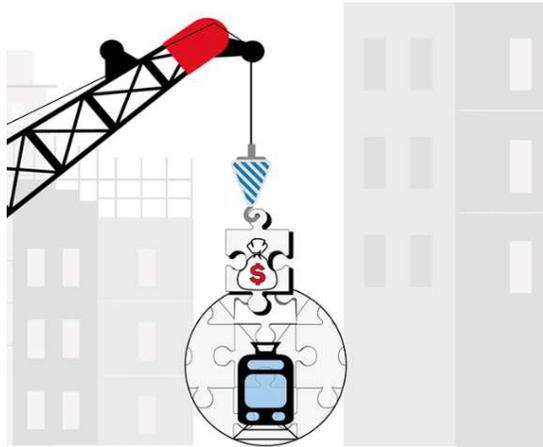


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What is tax increment financing?



Tax Increment Financing allows the use of incremental local tax revenues to fund local public improvements

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Tax Increment Finance Programs

- 2001 – Community Revitalization Finance (CRF)
 - Chapter 39.89 RCW
- 2006 – Local Infrastructure Financing Tool (LIFT)
 - Chapter 39.102 RCW and RCW 82.14.475
- 2006 – Hospital Benefit Zone Financing Program (HBZ)
 - Chapter 39.100 RCW and RCWs 82.14.465 and 82.14.470
- 2009 – Local Revitalization Financing (LRF)
 - Chapter 39.104 RCW, RCWs 82.14.505, 82.14.510, 82.14.515, and 82.32.765
- 2011 – Local Infrastructure Project Area (LIPA)
 - Chapter 39.108 RCW and RCW 36.70A.080
- 2016 – State Land Improvement Financing Area (SLIFA)
 - Chapter 39.112 RCW
- 2021 – Local Tax Increment Financing (LTIF)
 - Chapter 39.114 RCW



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- Ordinance
- Notification
- Size limitation
- Taxable value limitation
- Number of increment areas per district
- State Treasurer notification

LTIF Requirements and restrictions

RCW 39.114.020(1)

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Local Government's Project Analysis



- RCW 39.114.020(2)
 - Objectives
 - Intension to purchase land
 - Length of project
 - List of property in the area
 - Possible private development
 - Public improvements/bonds
 - Taxable value of real property
 - Impact on local districts

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Effect on county assessors/treasurers

- Determine base value of area
- Determine increment value
- Apportion property taxes
- Reimbursement for implementation and administration costs



Chapter 39.114 RCW

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Impact on levy calculations

LEVY LIMITATIONS WORKSHEET

TAXING DISTRICT **Example Levy Impact - City** 2022 Levy for 2023 Taxes

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

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).					
Year	2022	\$11,900,000.00	×	101.000%	= \$12,019,000.00
		<small>Highest Lawful Levy Since 1985</small>		<small>Limit Factor/Max Increase 101%</small>	
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).					
	\$300,000,000	×	1.455320000000	÷	\$1,000 = \$436,596.00
	<small>A.V.</small>		<small>Last Year's Levy Rate</small>		
C. Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)					
	\$850,000	×	1.455320000000	÷	\$1,000 = \$1,237.02
	<small>A.V.</small>		<small>Last Year's Levy Rate</small>		
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).					
	\$66,000,000	-	\$67,000,000	=	\$ (1,000,000.00)
	<small>Current Year's A.V.</small>		<small>Previous Year's A.V.</small>		<small>Remainder</small>
	0	×	1.455320000000	÷	\$1,000 = 0
	<small>Remainder from Line D</small>		<small>Last Year's Levy Rate</small>		
E. Regular property tax limit:		A+B+C+D			= \$12,456,833.02

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Impact on levy calculations, cont'd

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.					
3.600000000000	-		-	0.300000000000	+ 3.300000000000
<small>District base levy rate</small>		<small>Fire or RFA Rate</small>		<small>Library Rate</small>	<small>Firefighter Pension Fund</small>
\$8,500,000,000	×	3.300000000000	÷	\$1,000	= \$28,050,000.00
<small>A.V. of District</small>		<small>Statutory Rate Limit</small>			<small>Statutory Amount</small>
J. Highest lawful Levy For This Tax Year (Lesser of H and I) = \$12,456,833.02					
K. New highest lawful levy since 1985 (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) = \$12,455,596.00					

J. – Represents what the taxpayers will pay with a \$1.465509 levy rate

K. – Represents the district's new HLL since 1985 for the 2024 tax year calculations (\$12,456,833.02 - \$1,237.02 = \$12,455,596.00)

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Increment value in levy calculations v. apportionment

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).					
Year	2022	\$11,900,000.00	×	101.000%	= \$12,019,000.00
		<small>Highest Lawful Levy Since 1985</small>		<small>Limit Factor/Max Increase 101%</small>	
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).					
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	\$66,000,000	-	\$67,000,000	=	\$ (1,000,000.00)
	<small>Current Year's A.V.</small>		<small>Previous Year's A.V.</small>		<small>Remainder</small>
	0	×	1.455320000000	÷	\$1,000 = 0
	<small>Remainder from Line D</small>		<small>Last Year's Levy Rate</small>		
E. Regular property tax limit:					A+B+C+D = \$12,456,833.02

New Construction value could include value located in the LTIF area.

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Allocation example Ordinance effective 6/1/2022

Assessment /tax year	Base value (real property)	Total taxable value (real property)	Increment value for apportionment purposes	District levy rate (per \$1,000 assessed value)	Tax allocated to District (rate x base value)	Tax allocated to local government with increment area	District total tax levied in LTIF area
2021/2022	\$200,000,000	\$200,000,000	\$0	\$1.45532	\$291,064	\$0	\$291,064
2022/2023	\$200,000,000	\$300,850,000	\$100,850,000	\$1.46550	\$293,100	\$147,795*	\$440,895
2023/2024	\$200,000,000	\$500,000,000	\$300,000,000	\$1.40000	\$280,000	\$420,000	\$700,000

*Levy calculations included \$1,237.02 increase due to increment value

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State Treasurer Completed LTIF Project Area Reviews

- Port of Pasco
- Port of Vancouver
- City of Pasco
- City of Wenatchee
- City of Kirkland
- City of Chelan
- City of College Place
- City of Blaine
- Port of Grays Harbor



RCW 39.114.020(7)(b)

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Publications and resources



[Special notice](#) – Legislative changes to tax increment financing

https://dor.wa.gov/sites/default/files/2022-07/sn_22_LegislativeChangesTaxIncrementFinancing.pdf

Property Tax [Levy Manual](#)

<https://dor.wa.gov/sites/default/files/2022-02/LevyManual.pdf>

Chapter [39.114](#) RCW <https://app.leg.wa.gov/RCW/default.aspx?cite=39.114>

2023 legislation - [HB 1527](#)

<https://app.leg.wa.gov/billsummary?BillNumber=1527&Year=2023&Initiative=false>

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