Changes to the State and Local School Enrichment Levies and How It Affects Your Property Tax Levies

EVERETT – In 2017, the Legislature passed EHB 2242 partly in response to the Supreme Court’s McCleary decision. The Court found that the State was not meeting its constitutional requirement to fully fund basic education. EHB 2242 has several components pertaining to basic education funding. At least two of the components will impact your tax bill now and in the future.

First, beginning with the 2018 tax collection, EHB 2242 created a second portion to the state school levy. The new second portion increases the combined rate by $0.82 per $1,000 in assessed value from last year resulting in an increase in your tax bill. The first portion is $1.84 and the second portion is $1.01 for a total rate of $2.85 per thousand in assessed value. The average Snohomish County residential property owner with an assessed value of $335,800 would have paid $682 to the state school levy in 2017, while in 2018 that owner with an assessed value of $377,600 will pay $1,076.

Second, beginning in 2019, EHB 2242 imposes limitations on how much can be collected in local school (Enrichment) levies by restricting the levy to the lesser of $1.50 levy rate or $2,500 per pupil. This change affects both existing and new local school levies. Below are charts that show the levy rates for tax year 2018 and the estimated levy rates in 2019 for the state school levy and local schools enrichment levies as well as how these estimates will effect 2019 taxes. Overall, the owner of an average Snohomish County residential property will see a reduction in local schools enrichment and state school taxes in 2019.

Third, the Legislature passed SSB6614 that will reduce the state school levy rate in 2019. In Snohomish County we are estimating the state school levy rate to be approximately $2.53 per thousand in assessed value. The following chart shows the average 2018 residence value in Snohomish County and the effect of taxes if the value stays the same or increases in 2019 using the estimated state school levy rate $2.53 per thousand of assessed value:
In 2019, if the assessed value remains the same or increases up to or around 12.5% property owners would expect to see a reduction in the state school levy tax from last year while those with increases in value greater than 12.5% will see an increase based on our estimates.

In 2020 and 2021, the state school levy rate will return to the rate authorized in EHB 2242. The following chart shows the average 2018 residence value in Snohomish County increasing approximately 12.18% in 2019 and a hypothetical 10% in 2020-2021 as well as the effect of the estimated state school levy rate:

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value increase %</td>
<td>12.18%</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Value:</td>
<td>$377,600</td>
<td>$423,592</td>
<td>$465,951</td>
<td>$512,546</td>
</tr>
<tr>
<td>State levy rate:</td>
<td>$2.85</td>
<td>$2.53</td>
<td>$2.85</td>
<td>$2.85</td>
</tr>
<tr>
<td>Estimated taxes:</td>
<td>$1,076</td>
<td>$1,072</td>
<td>$1,328</td>
<td>$1,461</td>
</tr>
</tbody>
</table>

Note: all numbers have been rounded.

Also, the 10% increase in value between 2020-2021 is only for demonstration purposes. The Assessor’s Office does not know what the market will do in future years.

If property values increase in 2020 and 2021 property owners can expect that their portion of taxes for the state school levy will increase. How much it will increase will depend on their assessed value since the state school levy is rate based for four years (2018-2021).

Further information on the property tax impacts of EHB 2242 may be found on the Department of Revenue (www.dor.wa.gov) and Office of School Superintendent’s (www.k12.wa.us) websites.

For more information on how property tax levies are calculated visit the Assessor’s website at:  http://www.snohomishcountywa.gov/333/ Levy

Attachments:
State School Levy and School Districts Enrichment Levies by Rates
Typical Residence Taxes by State Levy and School Districts Enrichment Levies

END
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Note: 2019 school districts enrichment levies will be capped at $1.50. Some districts levy rate may be less than $1.50 per 1,000 of AV.
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Also, 2019 estimates include 12.18% value increase and all local school districts at an estimated levy rate of $1.50 per 1,000 of AV.