

## Budget Update

October 26, 2021

2:02 p.m.

Present: Commissioner Pollock, Commissioner Swope, Becky Butler, Jake Coppock, Josh Metcalf, Tiffanie Morgan, Graham Gowing, Lee Napier

Guests: None

Citizens Budget Committee members: Usha Sahadeva-Brooks, Frank Corbin, Nancy Keaton, Trish Geist, Omroa Bhagwandin

Recorder: Rieva Lester

Assessor Dianne Dorey provided an overview about how banked capacity, refund levies, new construction, the implicit price deflator (IPD), 101 percent growth limit and levy limitations work:

- **Banked capacity:** Some taxing districts have levied less than the maximum amount allowed over the years. RCW 84.55.092 allows these districts to retain the right to use that “banked” capacity at some future date. Thus when comparing a district’s current year levy to their prior levy it may reflect a change of more than 1% if they are using their banked capacity or less than 1% if they don’t feel they need the levy increase. Many districts have never used that capacity even though they could have done so at any time.
- **Refund levies:** Taxing districts may request a refund levy be included within the levy calculations. To do this, they must include the amount of refund levy they desire in their levy certification to the county legislative authority or county assessor. Although the refund levy is outside of the levy limit (aka 101 percent growth limit) calculation, the levy rate cannot exceed the statutory maximum rate for the taxing district. A taxing district may levy for refunds paid to taxpayers, or to be paid to taxpayers, including interest, plus an amount for abated or cancelled taxes, offset by any supplemental tax as collected under Title 84.
- **New construction:** The value of new construction in each taxing district must be tracked for the levy limit calculation. Because not all increase in value is new construction, it must be tracked separately from increases in value due to revaluation. New buildings are treated differently than old buildings. First, all property, except new construction, is appraised at its value on January 1 of the assessment year and is listed on the assessment roll by May 31. New construction, however, is appraised at its value on July 31 of the assessment year and must be listed by August 31 of the assessment year. New construction is closely linked to improvements needing building permits.
- **The implicit price deflator (IPD):** Taxing districts with a population of 10,000 or more may only increase their levy by 1 percent or the implicit price deflator (IPD), whichever is less. If the IPD falls below 1%, the jurisdiction may increase its levy beyond the IPD rate and up to the full 1% by adopting an ordinance or resolution making a finding of “substantial need.” If the jurisdiction chooses not to increase its levy, it may bank the excess capacity beyond the IPD rate and up to

the full 1 percent by adopting an ordinance or resolution making a finding of “future substantial need.”

- **101 percent growth limit / levy limitations:** The state Constitution limits the annual rate of property taxes that may be imposed on an individual parcel of property to 1 percent of its true and fair value. Since tax rates are stated in terms of dollars per \$1,000 of value, the 1 percent limit is the same as \$10 per \$1,000 and is often referred to as the \$10 limit. Taxes imposed under this limit are termed “regular” levies, while those outside the limit are “excess” or “special” levies.

Dianne discussed local growth, assessed values, lease-hold taxes and state-assessed utilities.

Becky said the commissioners will need to make decisions regarding the following:

- Whether to take refunds
- What percentage to take: zero to 1 percent
- Whether to banked capacity

### **Announcements**

Becky said the Treasurer’s Office, Assessor’s Office and IT have submitted org charts.

She said Charles Edmondson has provided information regarding the creation of a three-quarter-time position as an option instead of a full position.

Becky said WSAC has indicated it will give Lewis County \$5,311.

WSAC has asked for feedback regarding recent legislation.

Meeting ended at 3:09 p.m.