



2007 LEVIES & PROPERTY TAX FACT SHEET

Summary of Assessed Values and Levies

Fueled by an active real estate market, property values continued to escalate in the market place during the past year. The taxable value of property in Thurston County has increased for the sixth consecutive year. From 2005 to the 2006 assessment year, the taxable value of property grew from \$19.9 billion to \$23.5 billion. This increase of \$3.6 billion is 18% higher than the previous year and can be attributed to \$985 million in new construction (4.9%) and \$2.6 billion (13%) due to revaluation.

In 2006 Thurston County voters approved almost \$40 million new property taxes for the 2007 tax year. Voters approved 10 of 14 ballot measures for excess levies for fire and school districts.

Although voters approved additional taxes and taxing district budgets grew, rising property values helped lower property tax rates for another year. For the 2007 tax year, the average levy rate countywide decreased from \$12.12 per thousand of assessed value in 2006 to \$11.20. Over one-third of the property owners will pay less tax and the rest will pay more in 2007.

What is the overall increase in property taxes for 2007?

Total property tax to be billed in 2007 and then distributed to 42 taxing districts is \$262.4 million. This is an increase of \$21.4 million over 2006 property taxes.

[Click here to see a breakdown of property taxes by taxing district.](#)

In general, what causes property taxes to go up or down?

Property tax increases are generally caused by a combination of factors. For instance, when taxing districts ask for more money (that is, increase their budgets), property owners will pay more tax. Most districts set their budgets by a vote of their legislative body that may authorize increases up to their statutory or levy rate limits. This often results in increased taxes.

Taxes can also go up when voters approve excess levies for community services. Voters can approve a taxing district's request for excess levies for continuing operations or capital projects, such as school district maintenance and operation levies, building bonds, bonds for school buses, or bonds for fire trucks.

Taxes for an individual property owner may go up when the value of the property rises at rates faster than other properties in that particular area of the county. Taxes may also increase for an individual property owner when a new house is constructed on a previously vacant lot or when a property previously receiving an exemption (such as a senior/disabled person exemption program) is sold and becomes fully taxable.



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Property tax decreases may happen when taxing districts ask for less money or voters defeat excess levies, when a property qualifies for an exemption (senior or disabled citizens exemption, remodeling exemption), or when increases in value in some areas are less rapid than other areas.

What caused a \$21.4 million increase in taxes over the amount collected in 2006 tax year?

There are multiple reasons for the countywide increase in property tax collections, including:

1. ***Taxing Districts Increase Their Budgets as Permitted by Law*** – Each year taxing districts can legally increase their levy (budget from property taxes) by the lesser of 1% or inflation, plus an adjustment for new construction. For the 2007 tax year, most taxing districts increased their regular levy by 1% plus an adjustment for new construction.
2. ***New Construction*** – There was a record amount of new construction for the 2006 assessment year. Approximately \$985 million in new construction was listed and assessed for 2006; this is about \$293 million more than the prior year. New construction includes new homes, new subdivisions, commercial buildings, and remodeling activity.
3. ***Excess (Voter Approved) Levies*** – Thirteen taxing districts asked voters in 2006 to approve additional funds in the form of “maintenance and operations” levies, “bond” levies, and a 6-year regular levy. District voters passed 10 of the 14 ballot levy measures. Maintenance & operation levies typically run for two to four years while bond levies generally run for an extended period such as 10 or 20 years.

North Thurston School District & Fire District 1 passed bond levies that raised the North Thurston School District total bond levy rate by 61 cents per thousand dollars of assessed value and the Fire District 1 bond levy rate by 37 cents per thousand dollars of assessed value. This means that a home valued at \$200,000 will pay approximately \$122 more in tax in 2007 than in 2006 due to the School District Levy or \$74 more due to the Fire District Bond Levy.

Fire District 14 merged with Fire District 1 in 2002. Outstanding bonds for Fire District 14 were retired in 2006. The new Fire District 1 bonds are a tax increase only in the original Fire District 1 boundary. For property owners in the original Fire District 14, this bond just replaces the retired Fire District 14 bond.

School districts in Tumwater, Olympia, Rainier, Griffin, Centralia, and Tenino had maintenance and operation levies approved by the voters in 2006 that are reflected in the 2007 taxes. Although these are replacement levies, the amounts requested are more than the previous year and amount to a tax increase in all the school districts except Centralia which requested the same as last year. Olympia School District also had a capital projects levy approved in 2006 for collection in 2007. This new levy rate of 37 cents per thousand dollars of assessed value adds \$74 more in tax for 2007 for a home valued at \$200,000.



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Tanglewilde Park & Recreation District had a 6-year regular levy approved in 2006 that will be reflected in the 2007 taxes. Since there was no levy for 2006 taxes, this is an increase of 45 cents per thousand dollars of assessed value. For a home valued at \$200,000, this represents an increase of \$90.

4. ***Voter Approved Lid Lifts*** – In 2006, four Fire Districts (Yelm Fire District 2, Lacey Fire District 3, Rainier Fire District 4, and Black Lake Fire District 5) went to the voters to request a **lid lift** to their levy rate. None received voter approval.

In 2005 Fire District 13 (Griffin/Steamboat Island) received voter approval to raise their levy rate to \$1.40 per thousand dollars of assessed value for 2006 taxes.

In 2004 (for 2005 taxes), multiple fire districts (FD) received voter approval to raise the levy above the existing rate; this lid lift was reflected in taxes paid in 2005. FD 1 (Rochester/Grand Mound), FD 3 (Lacey), FD 5 (Black Lake), FD 7 (North Olympia), FD 8 (South Bay), FD 11 (Littlerock), FD 12 (Tenino), and FD 17 (Bald Hills) received this authority from the voters in 2004. Voters turned down lid lift requests made by Fire Districts FD 2 (Yelm), FD 4 (Rainier), and FD 13 (Griffin) in 2004.

5. ***Taxing Districts Use Banked Capacity*** – Banked capacity is when taxing districts do not levy (or ask) for the full amount of tax allowed by law and may use it for a subsequent year. For 2007 property taxes, the City of Tenino, Public Utility District 1, and the Port of Olympia used some of their banked capacity. This action that allows districts to request additional funds in the current year resulted in a tax increase to properties served by these districts. In these cases, the actual tax increase was minimal.

How do 2007 property tax bills generally compare to 2006 property tax bills?

Some taxpayers will pay more property tax and some will pay less in 2007. Approximately 34% will pay less. Looking at it another way, almost half of the property owners will pay less or from just a few cents to \$50 more than they paid in 2006. Property taxes for the remaining half will be at least \$50 more than the prior year.

The biggest tax increases occurred in areas where voters passed new levies for school bonds, capital project levies, or approved a new 6-year park and recreation levy. For instance, North Thurston School District passed a 20-year bond issue of \$112 million that resulted in almost 78% of the properties receiving tax increases in 2007. In the Olympia School District, which passed a 4-year capital projects levy, 69% of the properties received tax increases for 2007. Voters in the Tanglewilde Park & Recreation District passed a 6-year regular levy of 45 cents or less per thousand dollars of assessed valuation, resulting in 89% of the properties within their district boundaries paying more taxes in 2007.