



SEATTLE CITY COUNCIL
CENTRAL STAFF

Understanding the City's Dependence on Voter-Approved Property Tax Levies

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SELECT COMMITTEE ON 2024 TRANSPORTATION LEVY
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Presentation Outline

1. The Key Components of Existing City Property Tax Revenue

- General Fund - Councilmanic Taxing Authority
- Levy Lid Lifts – Voter-Approved Levies

2. Limitations on Seattle's Property Tax Taxing Authority

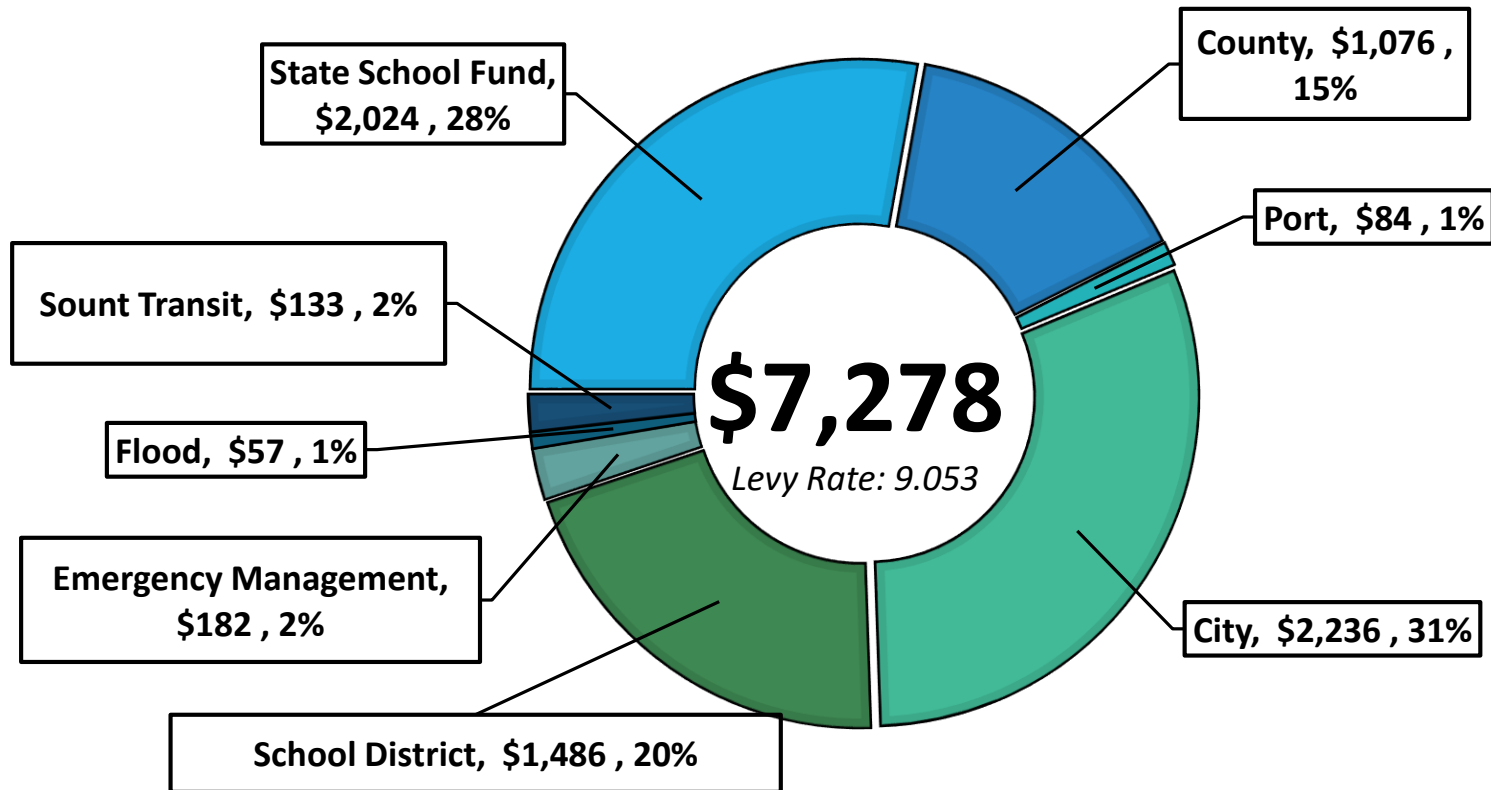
- Maximum tax rate and limits on voter-approved authority
- State constraint on property tax revenue growth – the “1% percent rule”
 - Initiative 747 and subsequent state legislative action
- What are the financial impacts of these limitations?

3. Property Tax Exemptions and Deferrals

- Summary of existing Washington state programs

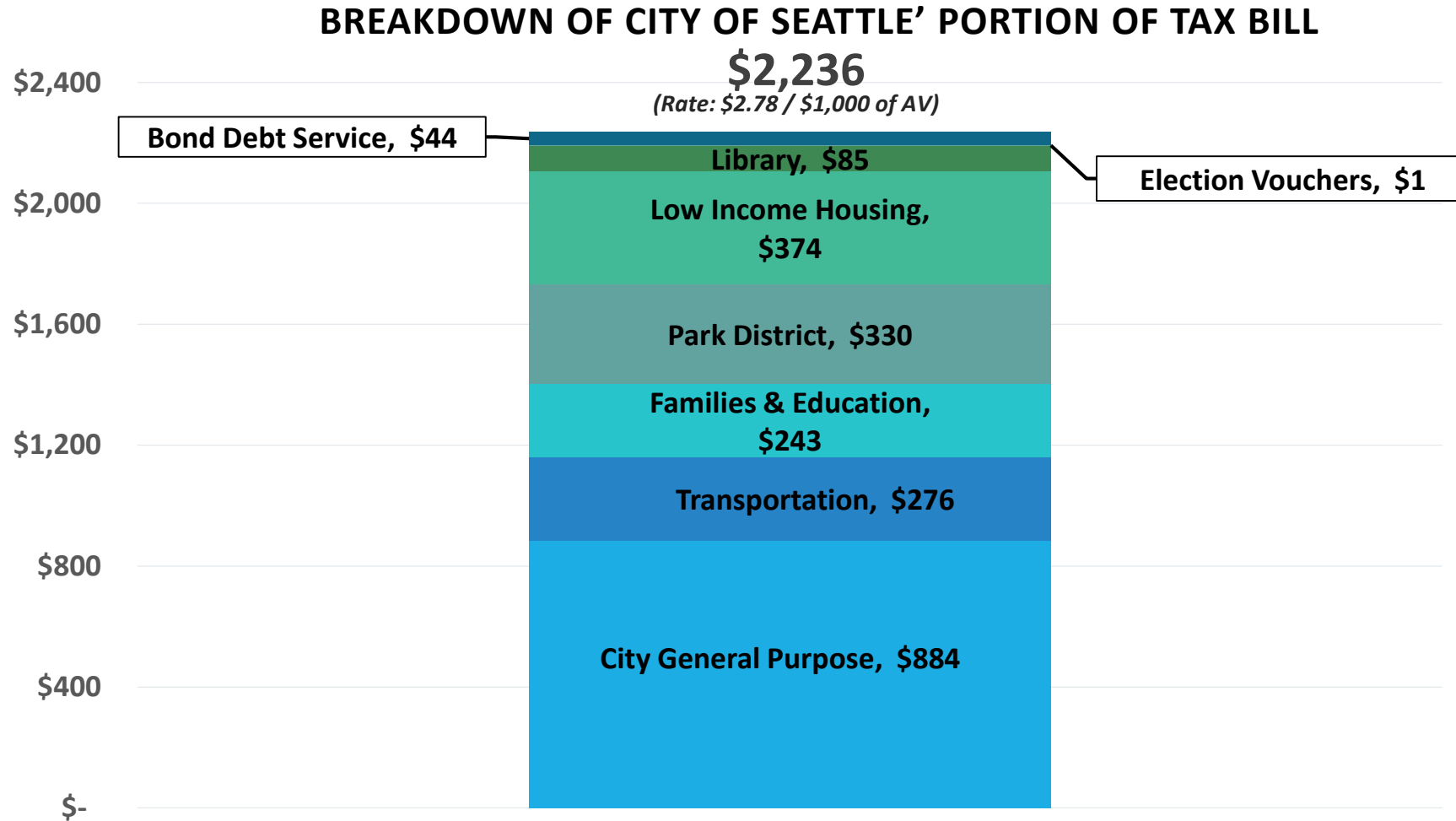
Where do Seattle Residents' Property Taxes Go?

BREAKDOWN OF 2024 PROPERTY TAX BILL
FOR SEATTLE MEDIAN AV HOME (\$804,000)



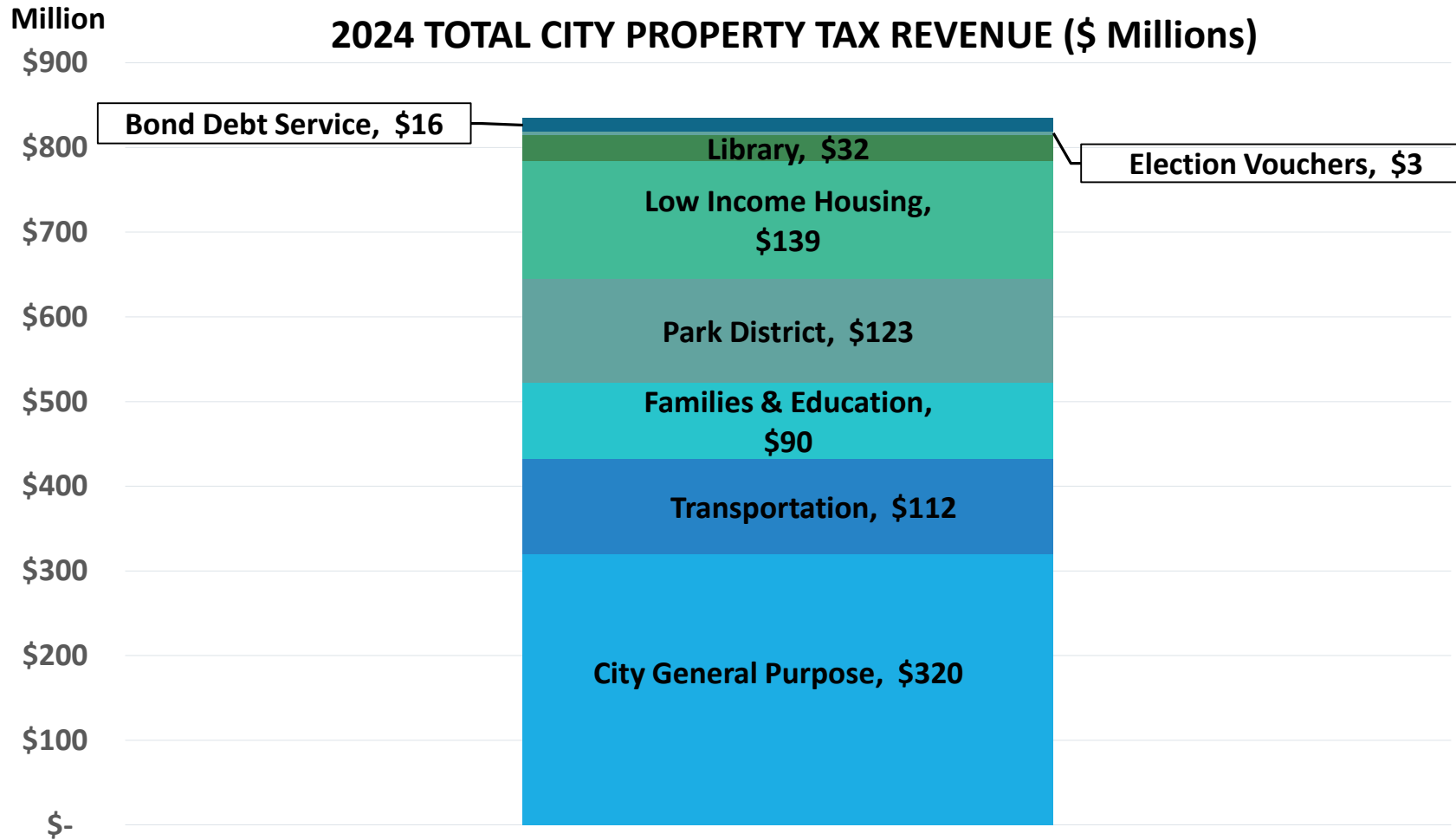
'City' includes Metropolitan Park District

Components of City's Property Tax Levy for 2024



'City' includes Metropolitan Park District

Revenue Generated by City Property Taxes



Seattle's Taxing Authority is Constrained by State Law

1. Total City property tax rate is capped at \$3.60/\$1,000 AV

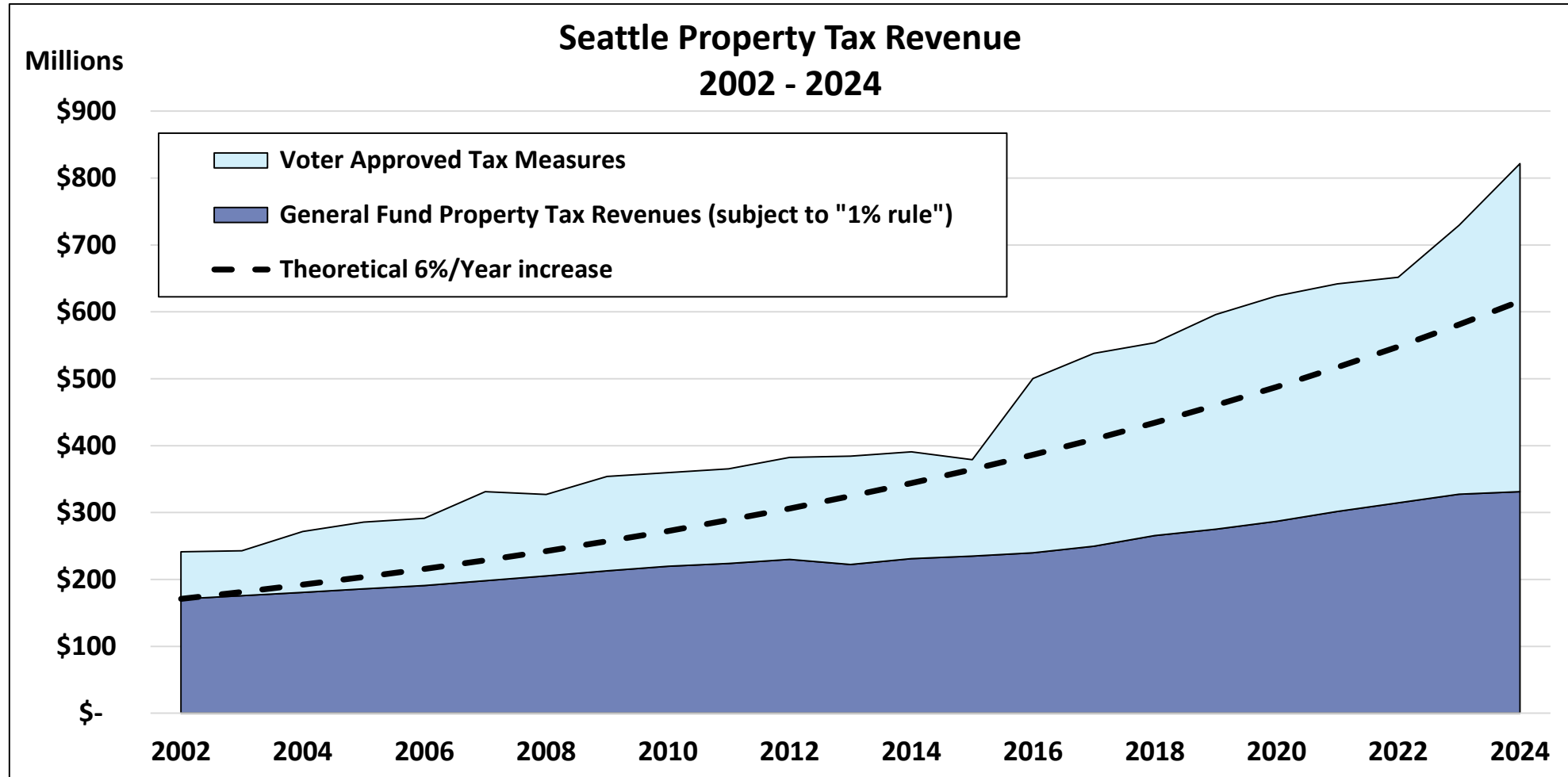
- Combined total of regular rate, plus lid lifts cannot exceed this rate
- Excess levy (bonds) not included under cap
- Current City Rate is \$2.72 / \$1,000 AV (including voter-approved levies, but not bonds)

2. Property tax *revenue* growth limited to 1% per year (plus the value of new construction)

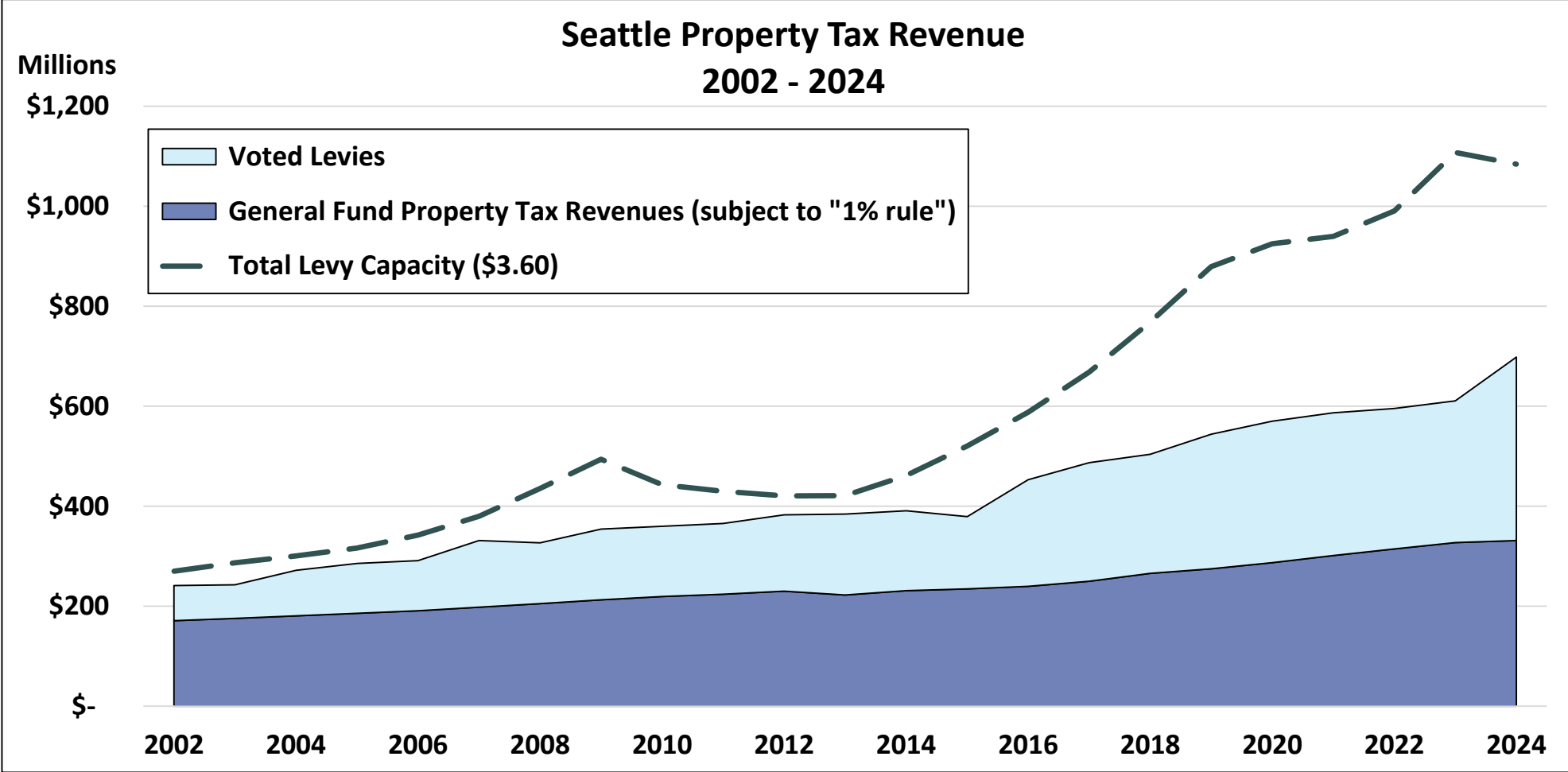
- This limit was imposed in Initiative-747 by 2001 and subsequent legislative action
- This replaced a constraint that had limited property tax revenue growth to 6% per year
- The stated goal of the measure's proponents was to give voters a direct say in any significant property tax increases.

And how do these constraints impact City revenues . . . ?

The Impacts of the "1% Rule"



The Impacts of the \$3.60 Limit



Property Tax Exemptions and Deferrals

Washington State offers four property tax exemption or deferral program for primary residences:

Program	Income Level	Other Eligibility Requirements
Property Tax Exemption	For King County residents, \$84,000 or less in household income	<ul style="list-style-type: none"> - At least 62 years of age, OR - Disabled and unable to pursue gainful employment, OR - Veteran receiving compensation at total disability rating, OR - Surviving spouse or domestic partner at least 57 years or older in the year of death
Deferral for Senior Citizens and People with Disabilities	For King County residents, \$89,000 or less in household income	<ul style="list-style-type: none"> - At least 60 years of age, OR - Disabled and unable to pursue gainful employment, OR - Surviving spouse or domestic partner at least 57 years or older in the year of death
Deferral for Homeowners with Limited Income	≤\$57,000	<ul style="list-style-type: none"> - Must have owned for 5 years – “in fee” or by contract purchase
Widow or Widower of Qualifying Veteran	≤\$40,000	<ul style="list-style-type: none"> - At least 62 years of age, OR - Disabled and unable to pursue gainful employment

Note: nonprofit organizations such as schools, churches, hospitals, nursing homes, or museums may also be eligible for property tax exemptions.