



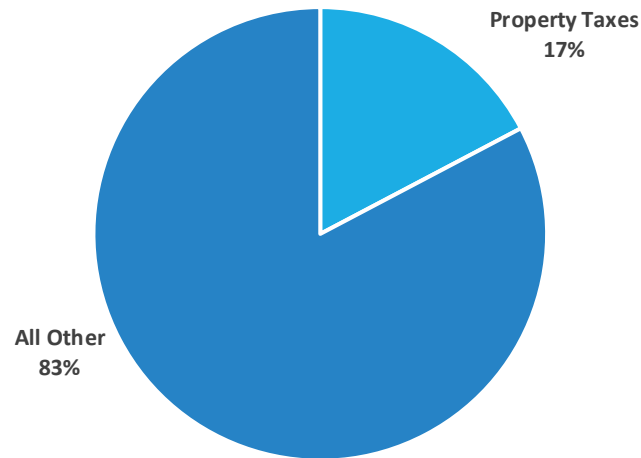
SEATTLE CITY COUNCIL
CENTRAL STAFF

Property Taxes Overview

TOM MIKESELL, ANALYST/ EDIN SISIC, ANALYST
SELECT COMMITTEE ON THE LIBRARY LEVY
MARCH 25, 2026

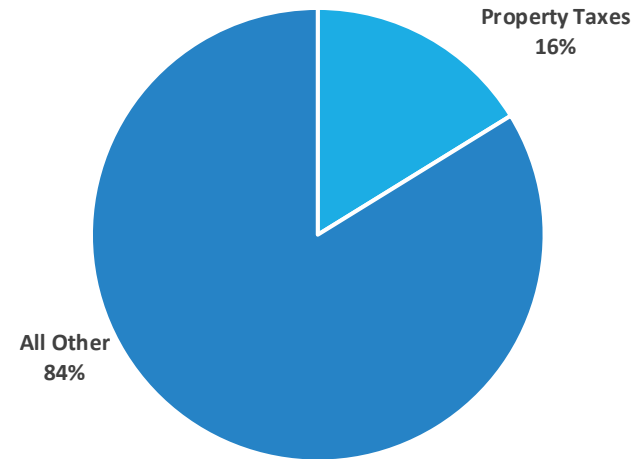
Property Taxes - Budget Context

Property Tax Share of Non-Utility Revenue ^{1/}
(2026 Adopted Budget)



Seattle property tax levies provide \$915 million, or 17 percent, of the total \$5.3 billion in non-utility revenues in 2026.

Property Tax Share of the General Fund ^{1/}
(2026 Adopted Budget)



In the General Fund, Seattle property tax levies provide \$327 million, or 16 percent, of total 2026 adopted revenues.

^{1/}Excludes revenue received from County Emergency Medical Services Levy.

Key Terms (1/2)

- **Tax Levy:** The amount of revenue to be raised from property taxes each year, subject to statutory constraints on annual revenue growth (“levy lid”) and total rate (capacity)
- **“Lid lift”:** Voter authorized (50%+1) increase to the growth limit on the property tax levy, either permanently or on a temporary basis, within available rate capacity. Can be for a specific or general public purpose.
- **Assessed Value (AV):** The full market value of private property as determined through annual surveys by the King County Assessor’s Office.

Key Terms (2/2)

- **Levy Rate:** The dollar amount per \$1,000 of assessed value, that is charged against all assessed value to generate the tax levy
- **Levy Capacity:** The maximum amount of property tax revenue that can be raised by a taxing district at its maximum allowed rate.
- **Excess Levy:** A property tax levy that is not subject to rate caps as provided in state Constitution. Requires 60 percent voter approval e.g., levy for debt
- **Prorationing:** In a situation where the combined levies exceed the statutory rate cap, this is the process by which levies must be reduced to come into compliance with the cap.

Types of property tax levies (1/2)

1. General Purpose Levy

- Not subject to voter approval
- Growth is limited to 1% + value of new construction (“statutory lid”)
- Deposited into the General Fund

2. Voter-Approved Levies for Specific Purposes

- Known as levy “lid lifts” because voters authorize taxation above the statutory lid
- Requires 50% +1 majority
- Can be permanent or temporary, can increase in a single year
- Deposited into special revenue funds
- Includes: Move Seattle; Housing; Families, Education, Preschool and Promise; Election Vouchers; and Libraries for All

Capacity constraint: The combined levy rate for these two types of levies cannot exceed \$3.60 per \$1,000 AV

Types of property tax levies (2/2)

3. Levy by Special Taxing Districts

- District creation provided for in state law, may require voter authorization
- Not constrained by City property tax rate limit, but can be constrained by \$5.90 per \$1,000 AV limit that also covers county levies
- Example: Seattle Metropolitan Parks District

Not covered by \$3.60 City rate limit, but is included in \$5.90 local government limit, which also include County, schools, and other special districts.

4. Excess Levy to Pay Debt Service on Voter-Approved Bonds

- Examples: 2012 Alaskan Way Seawall and 1998 Library Facilities bond measures
- Requires 60% supermajority

Not restricted by statutory rate limit.

Calculating the property tax rate

Calculating the tax rate for the City:

$$\frac{\text{Annual Levy Collection Amount}}{\text{(Total Assessed Value (AV) of All Property / \$1,000)}} = \text{Tax Rate}$$

Calculating the tax amount for an individual property:

$$\text{Tax Rate} \times (\text{AV} / \$1,000) = \text{Annual Property Tax Amount}$$

Example calculation: Move Seattle Levy (2026)

Calculating the tax rate for the City:

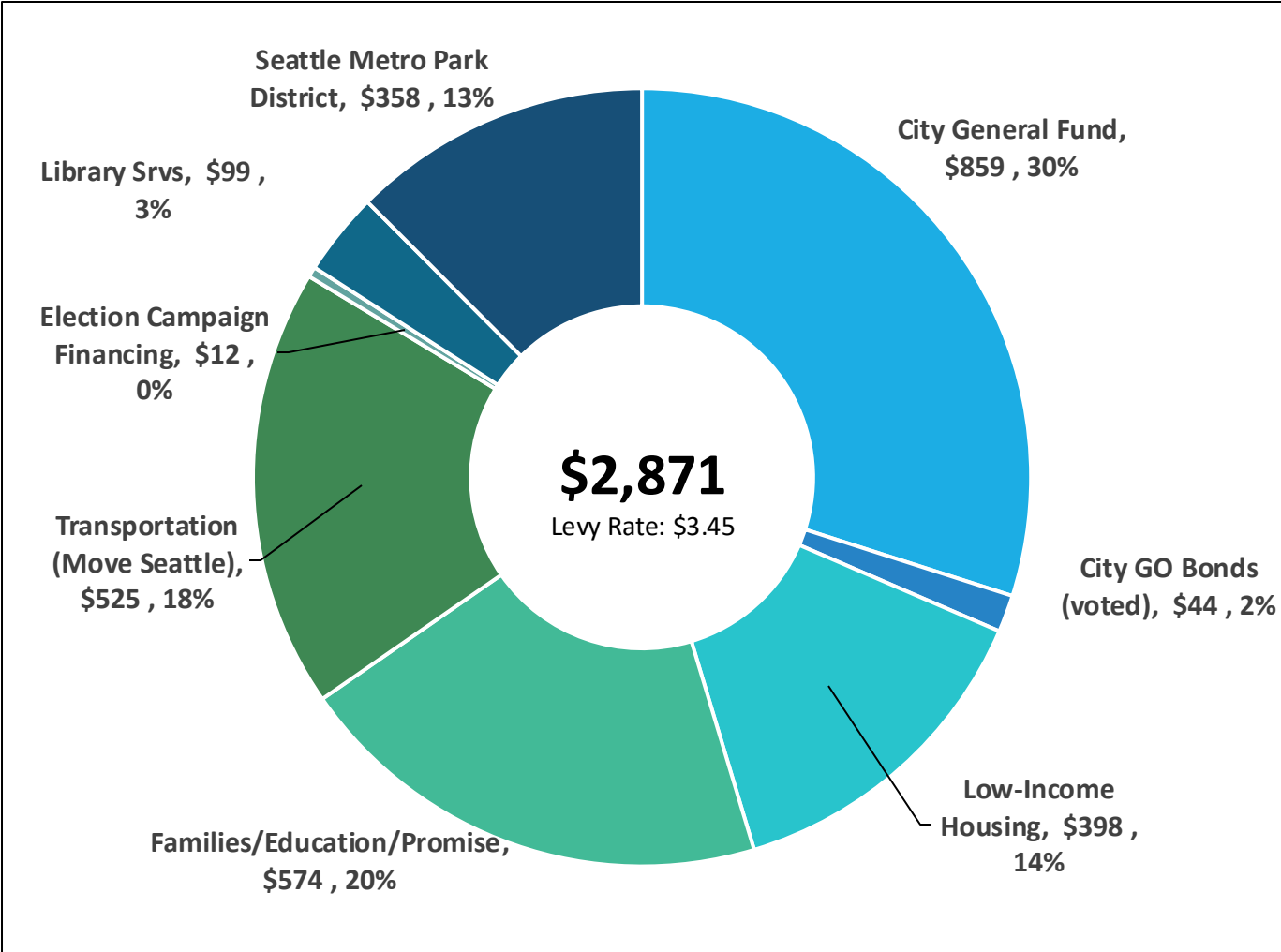
$$\frac{\$189,000,000}{(\$306,578,000,000 / \$1,000)} = \$0.63$$

Calculating the tax amount for an individual property:

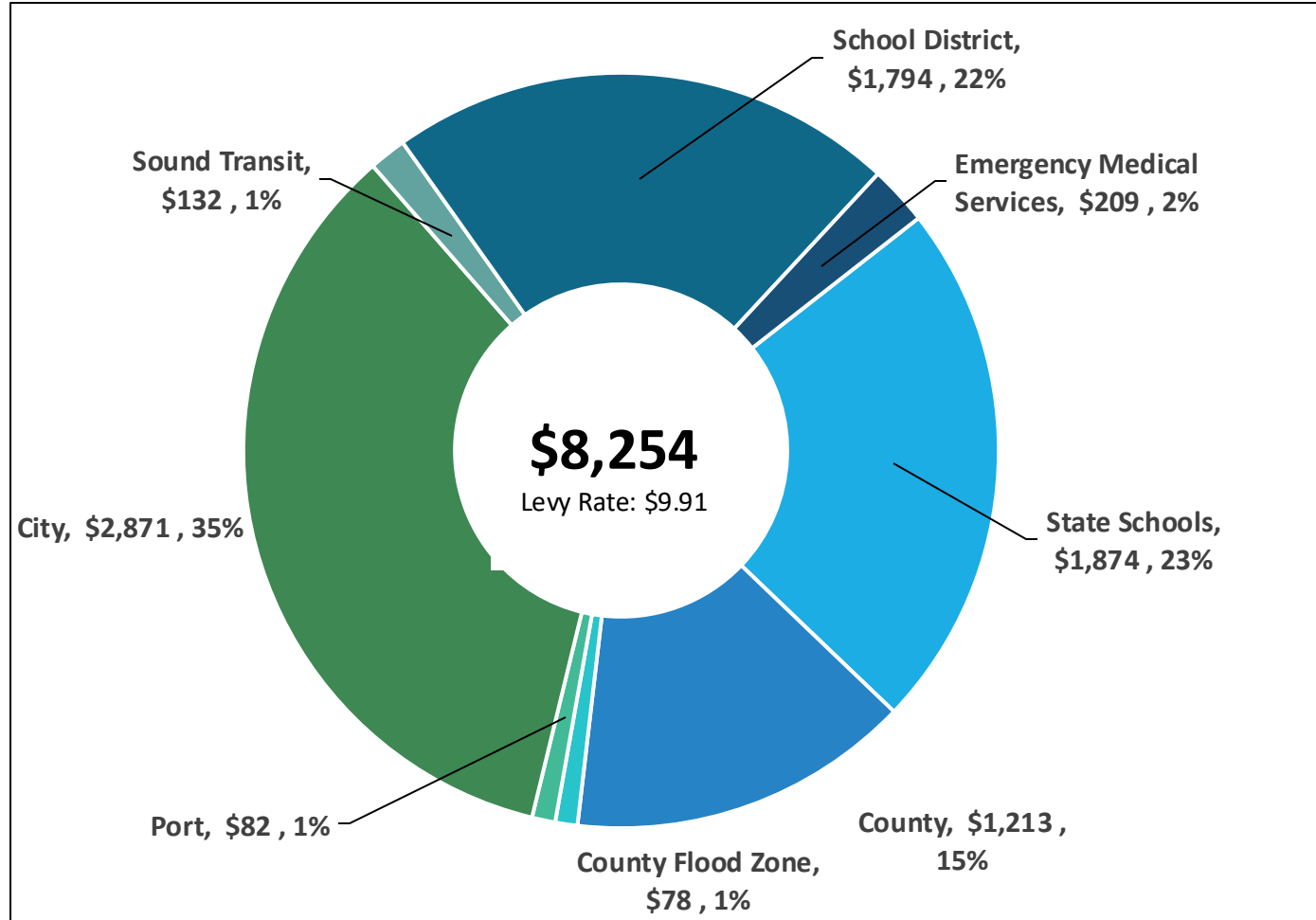
$$\$0.63 \times (\$833,000 / \$1,000) = \$525$$

Median Assessed Home Value

2026 Tax Payment by Seattle Levy for Median AV Home (\$833,000)

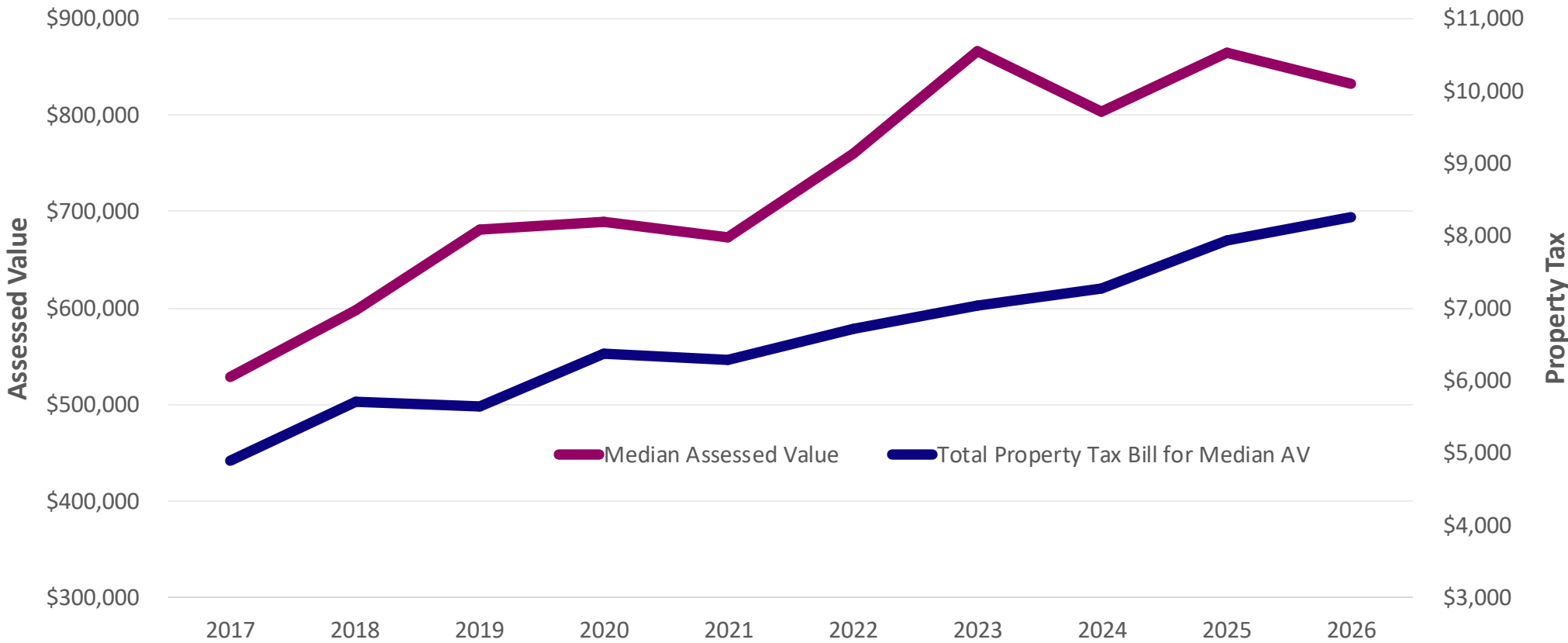


2026 Tax Payment by Taxing Districts for Median AV Home (\$833,000) -All

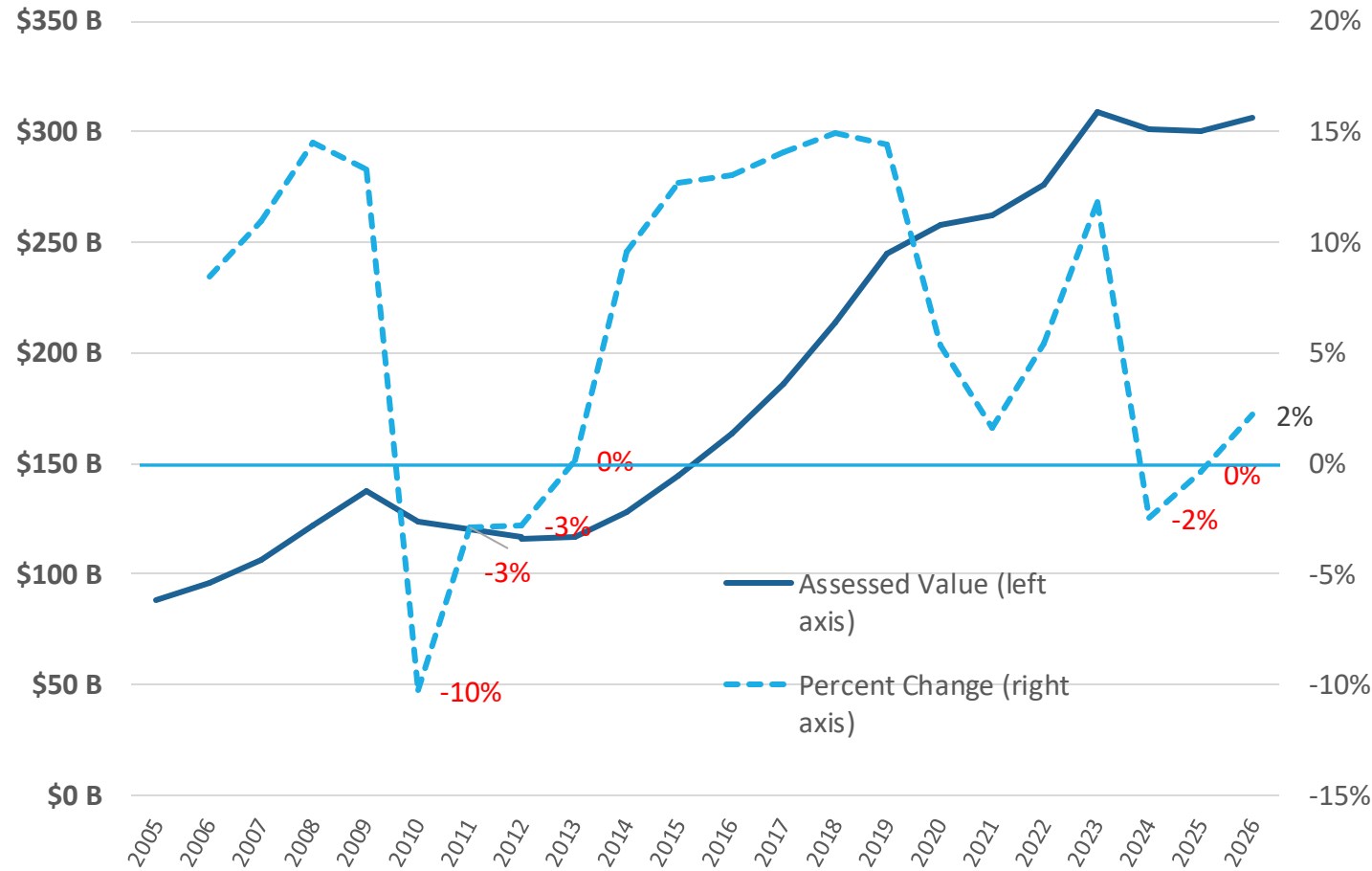


'City' includes Seattle Metropolitan Park District

Seattle Residential Median AV & Total Property Tax Bill



Seattle Assessed Value History

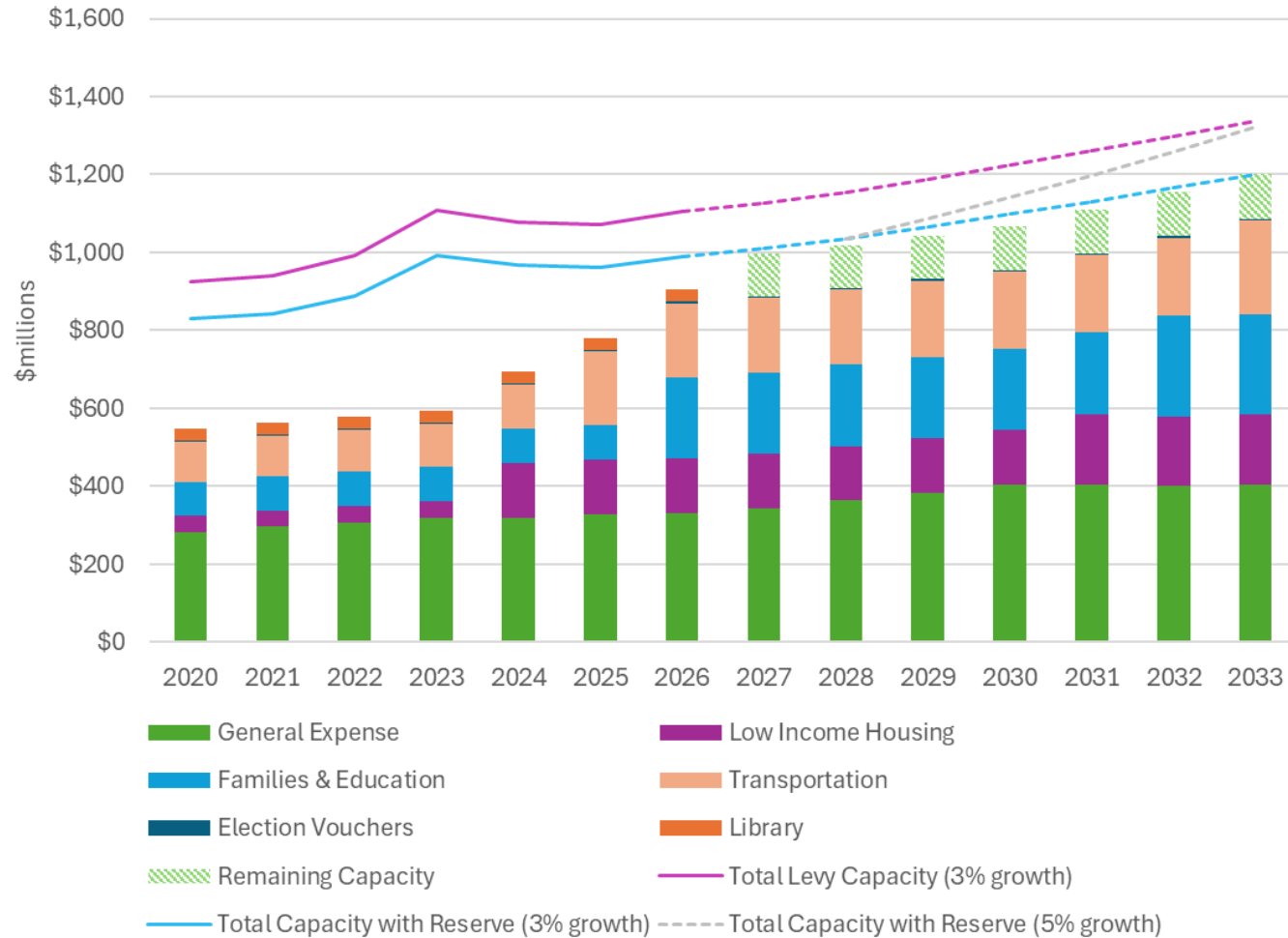


- After dropping a cumulative 16 percent during the ‘Great Recession’, including a single year 10 percent drop in 2010, AV grew rapidly through 2019
- Since then, AV growth has been less robust
- Growth in AV adds capacity, declines reduce capacity.

CBO Levy Capacity Projection

1. Total City rate is capped at \$3.60/\$1,000 AV
 - Combined total of regular rate, plus lid lifts cannot exceed this rate
 - Excess levy (bonds) and Park District not included under cap
2. Two perspectives on capacity presented:
 1. Capacity at \$3.60
 2. 90 percent of capacity, to provide a 10 percent reserve buffer against unanticipated drops in AV consistent with history
3. All levies renewed to keep up with cumulative inflation only
4. Assessed value grown at 3 percent per year starting in 2029, which is lower than Forecast Office projections of 5%

City Levy capacity ^{1/}



- CBO projects annual capacity of ~\$111 million per year given stated assumptions
- Library levy, and any other City levy lid lift proposals, would draw down this capacity
- AV growth above/below projections would increase/decrease available capacity
- If at any time the total city tax levy exceeds levy capacity, a reduction in one or more City levies would be required at discretion of the City

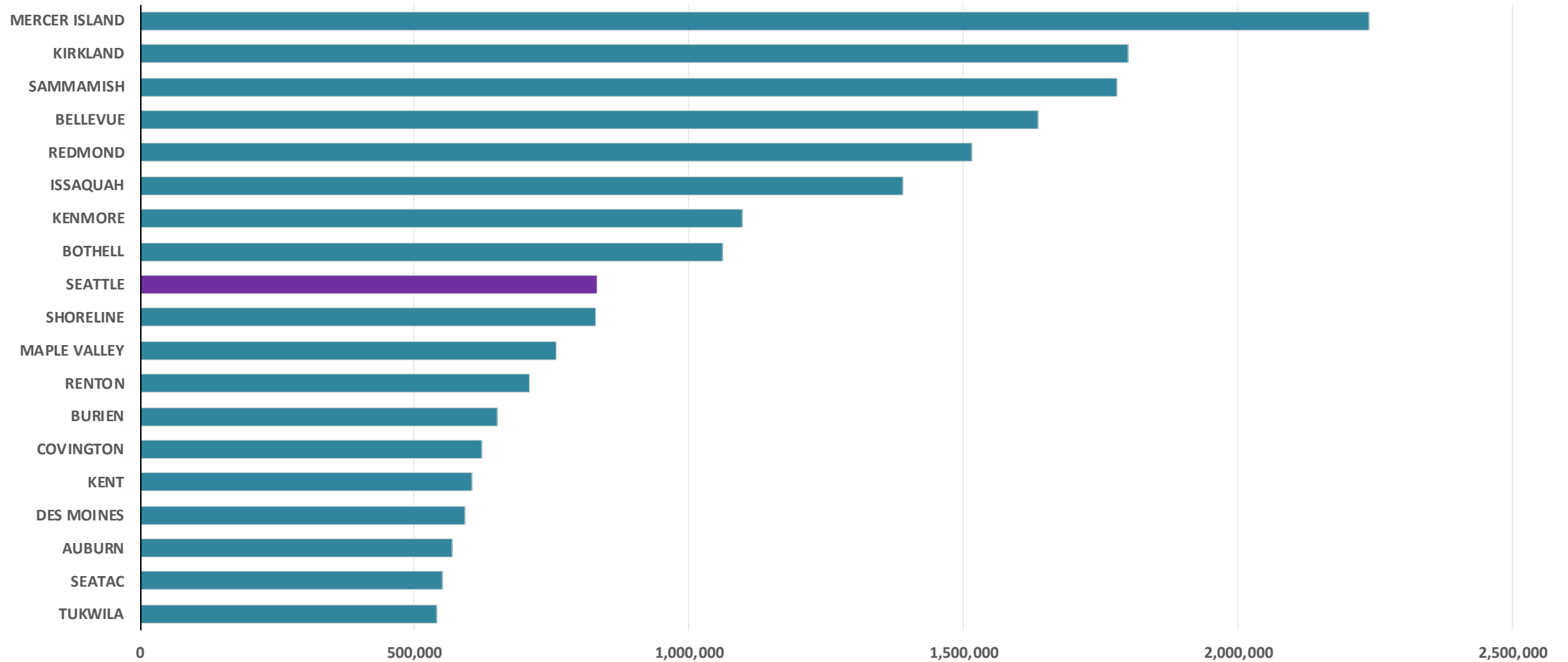
^{1/} Produced by City Budget Office, 3/3/2026

Considerations

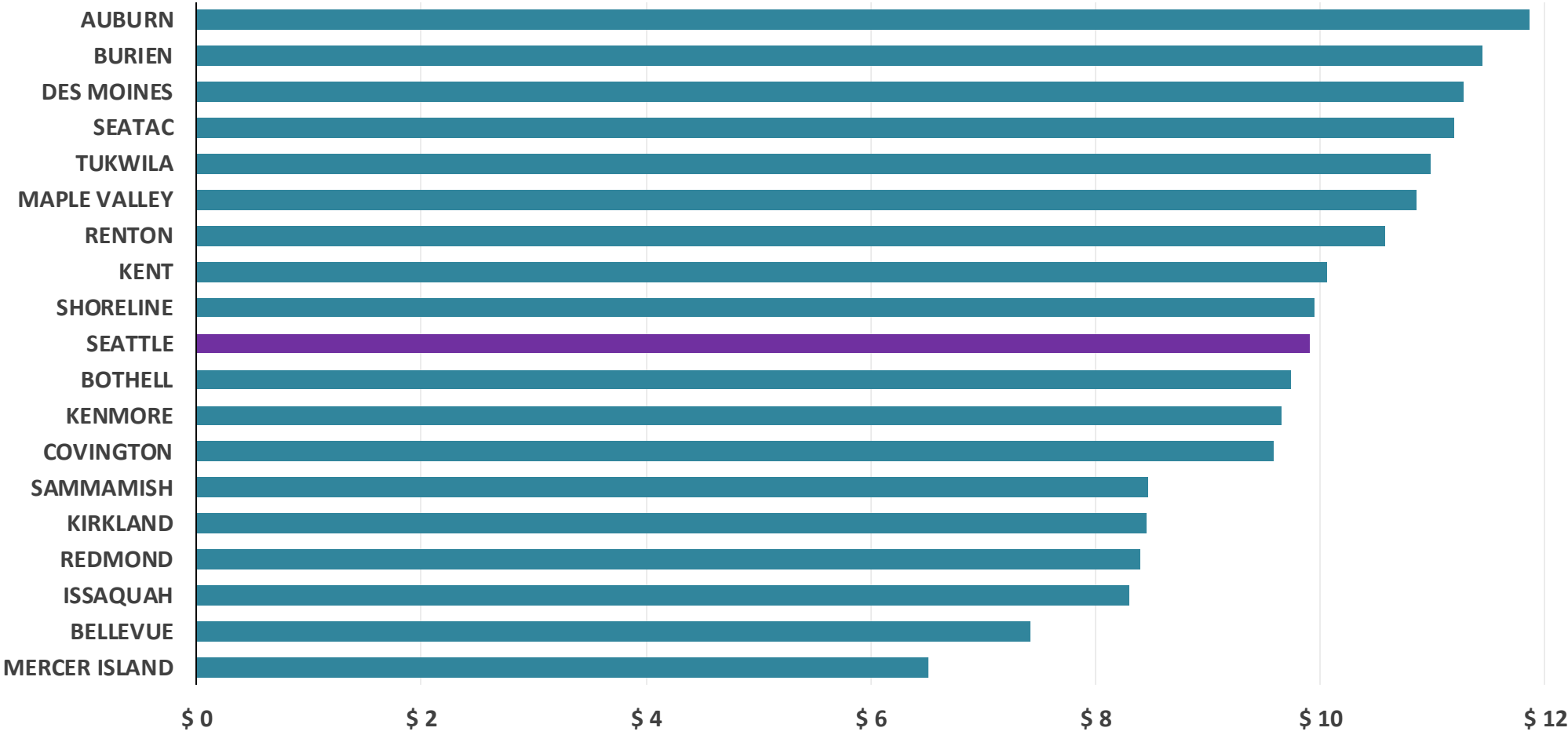
1. All figures are projections that are ultimately dependent on broad national and regional economic trends
2. Library levy renewal will draw from \$111 million of projected annual levy capacity, given assumption of 10 percent reserve buffer
3. If at any time in the future the levy rate exceeded maximum, one of more city levies would need to be reduced
4. 10 percent reserve buffer is an informal practice based on observed AV growth declines, but could be formalized through adopted policy
5. Any excess levy for debt would not be limited by capacity constraint, but would increase property tax bills and require 60% voter approval

Appendix

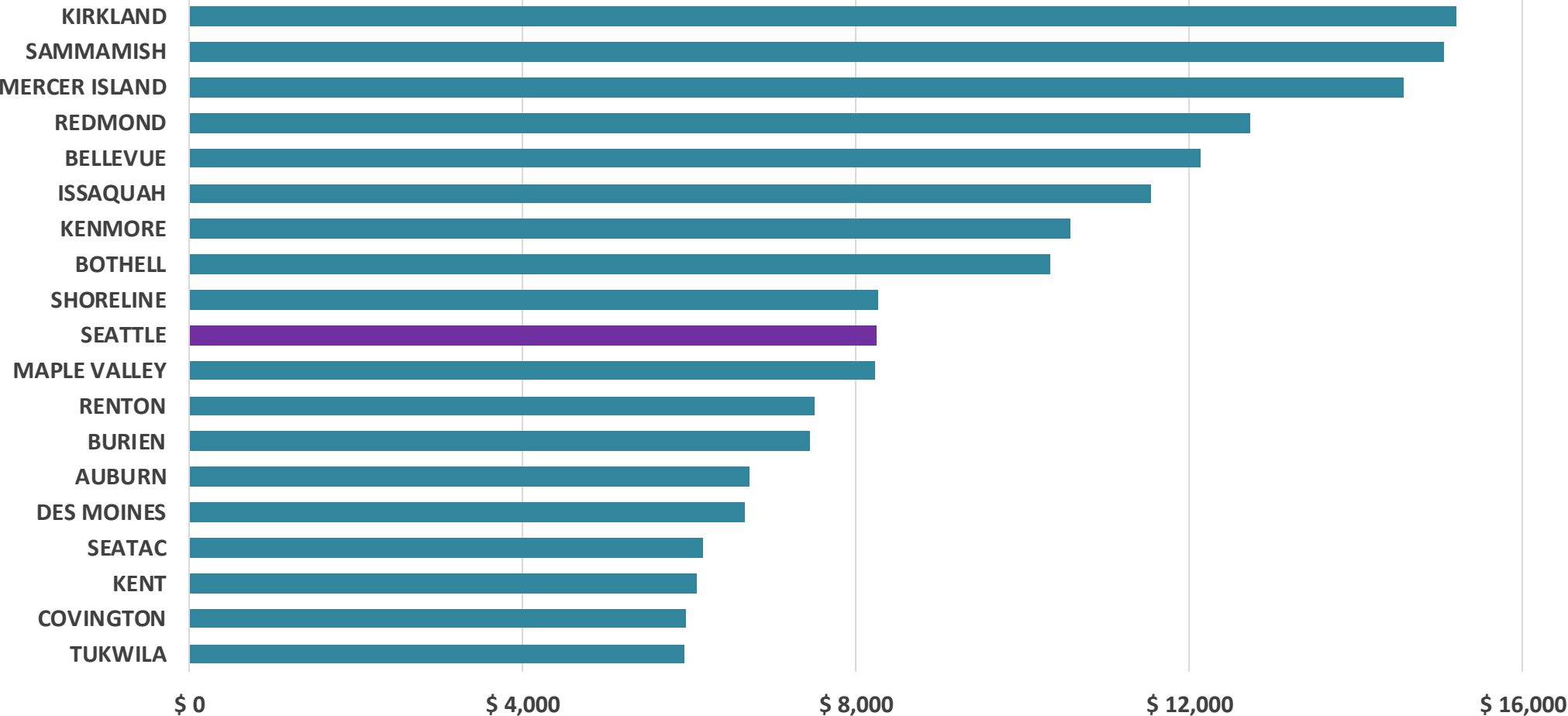
City Comparison: 2026 Median Residential Property Values



City Comparison: 2026 Property Tax Rates



City Comparison: 2026 Median Property Tax Bills



Property tax exemptions and deferrals

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

Program	Income Level	Other Eligibility Requirements
Property Tax Exemption	≤\$84,000	<ul style="list-style-type: none"> - At least 61 years of age, OR - Disabled and unable to pursue gainful employment, OR - Veteran receiving compensation at disability rating of 80% or higher, 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	≤\$88,998	<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"> - Own home in WA for five years - Occupy as primary residence
Widow or Widower of Qualifying Veteran	≤\$84,000	<ul style="list-style-type: none"> - At least 62 years of age, OR - Disabled and unable to pursue gainful employment - Must not have remarried