



SEATTLE CITY COUNCIL
CENTRAL STAFF

Property Tax Levy Overview

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COUNCIL BRIEFING
MARCH 20, 2023

Property tax overview: Three types of property tax levies

1. General Purpose Levy

- Not subject to voter approval
- Growth is limited to 1% + value of new construction

2. Voter-Approved Levies for Specific Purposes

- Known as levy “lid lifts” because voters authorize taxation above the statutory lid
- Examples: Move Seattle, Housing, Families, Education, Preschool and Promise, Election Vouchers, Libraries for All
- Requires 50% +1 majority

3. Levy to Pay Debt Service on Voter-Approved Bonds

- Known as an “excess levy” because it does not count against the City’s rate limit
- Examples: 2012 Alaskan Way Seawall and 1998 Library Facilities bond measures
- Requires 60% supermajority

Calculating the property tax

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

Calculating the tax rate for the City:

$$\frac{\$100,843,273}{(\$275,174,701,578 / \$1,000)} = \$0.37$$

Calculating the tax amount for an individual property:

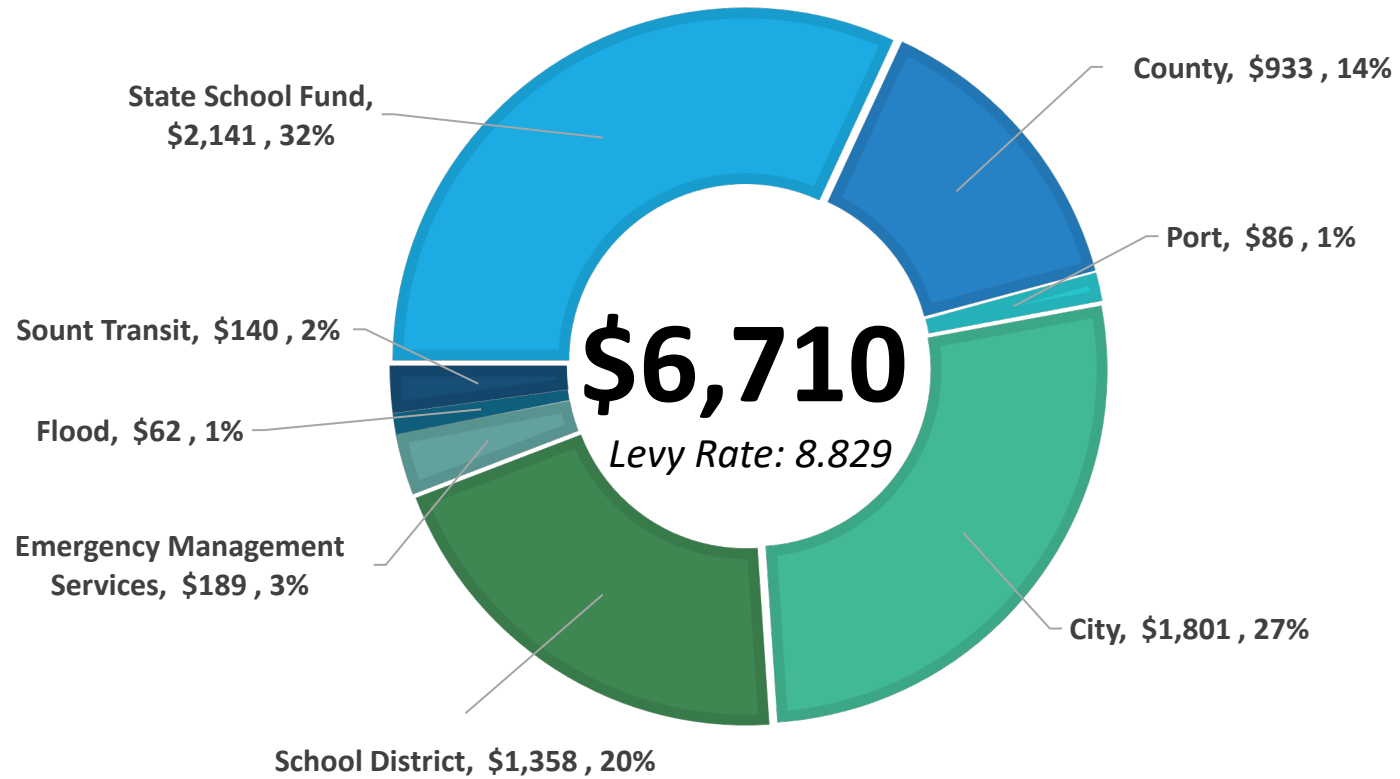
$$\$0.37 \times (\$760,000 / \$1,000) = \$278.52$$

Median Assessed Home Value



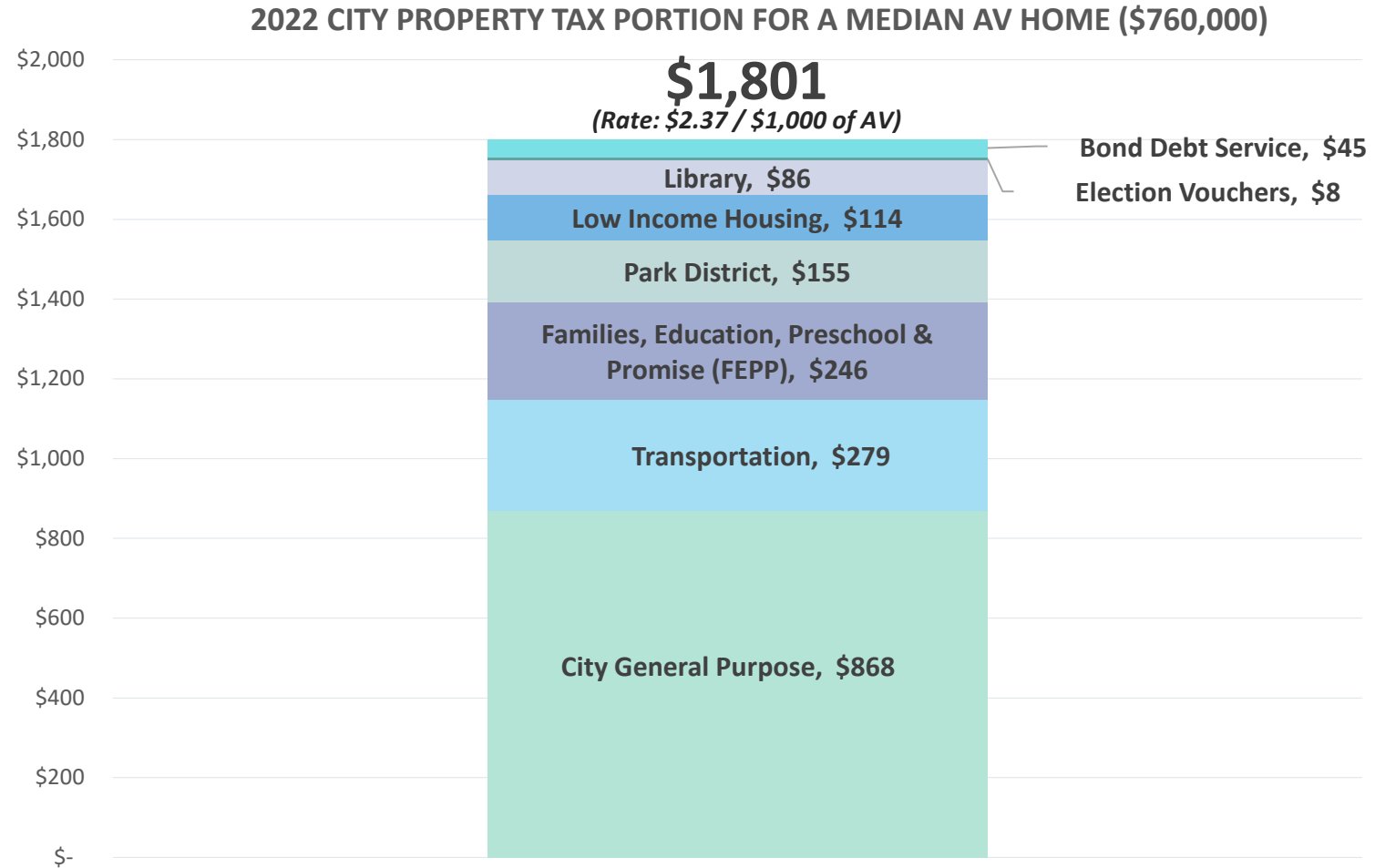
Where do our property taxes go?

2022 AMOUNT BY JURISDICTION FOR MEDIAN AV HOME (\$760,000)



'City' includes Metropolitan Park District

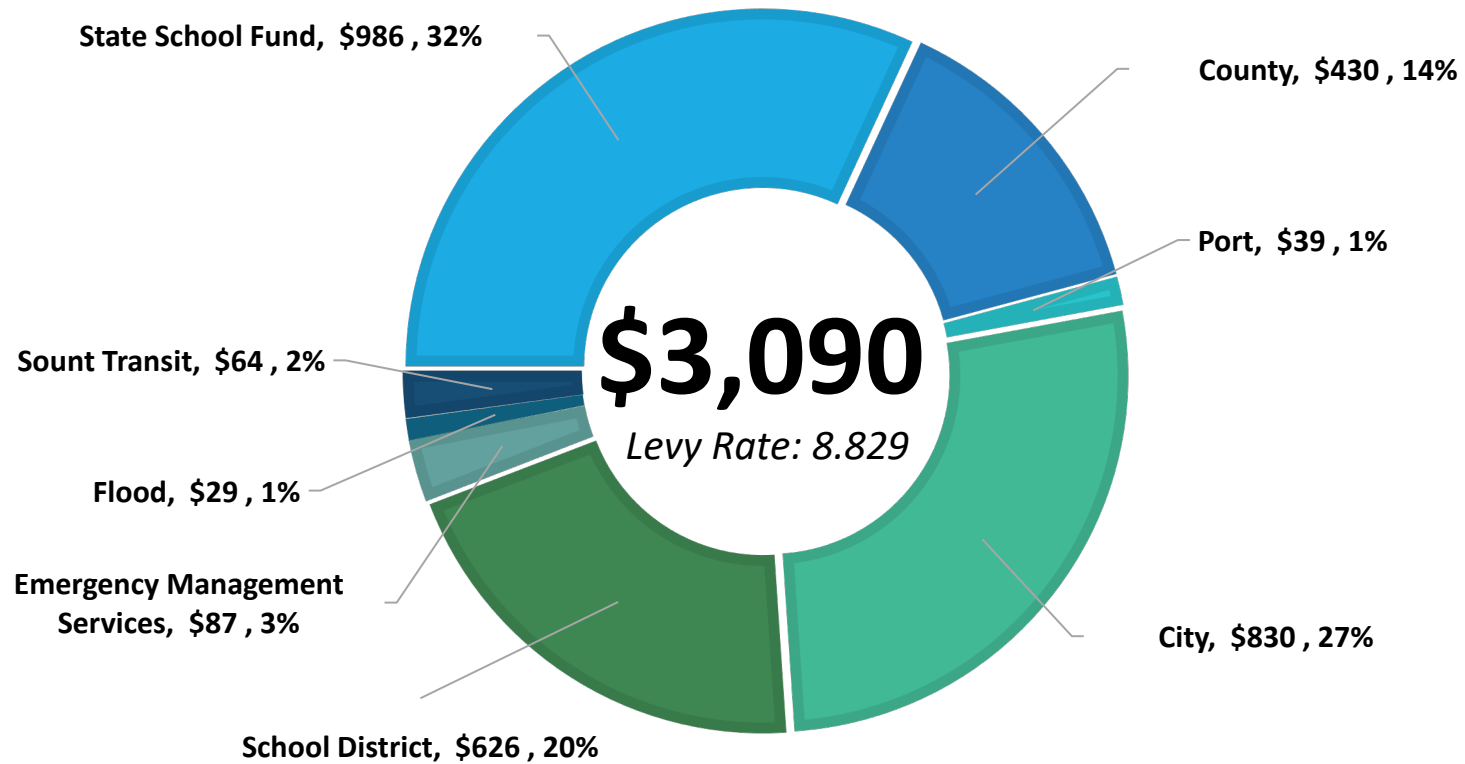
Components of City's Property Tax Levy for 2022



'City' includes Metropolitan Park District

Where do our property taxes go?

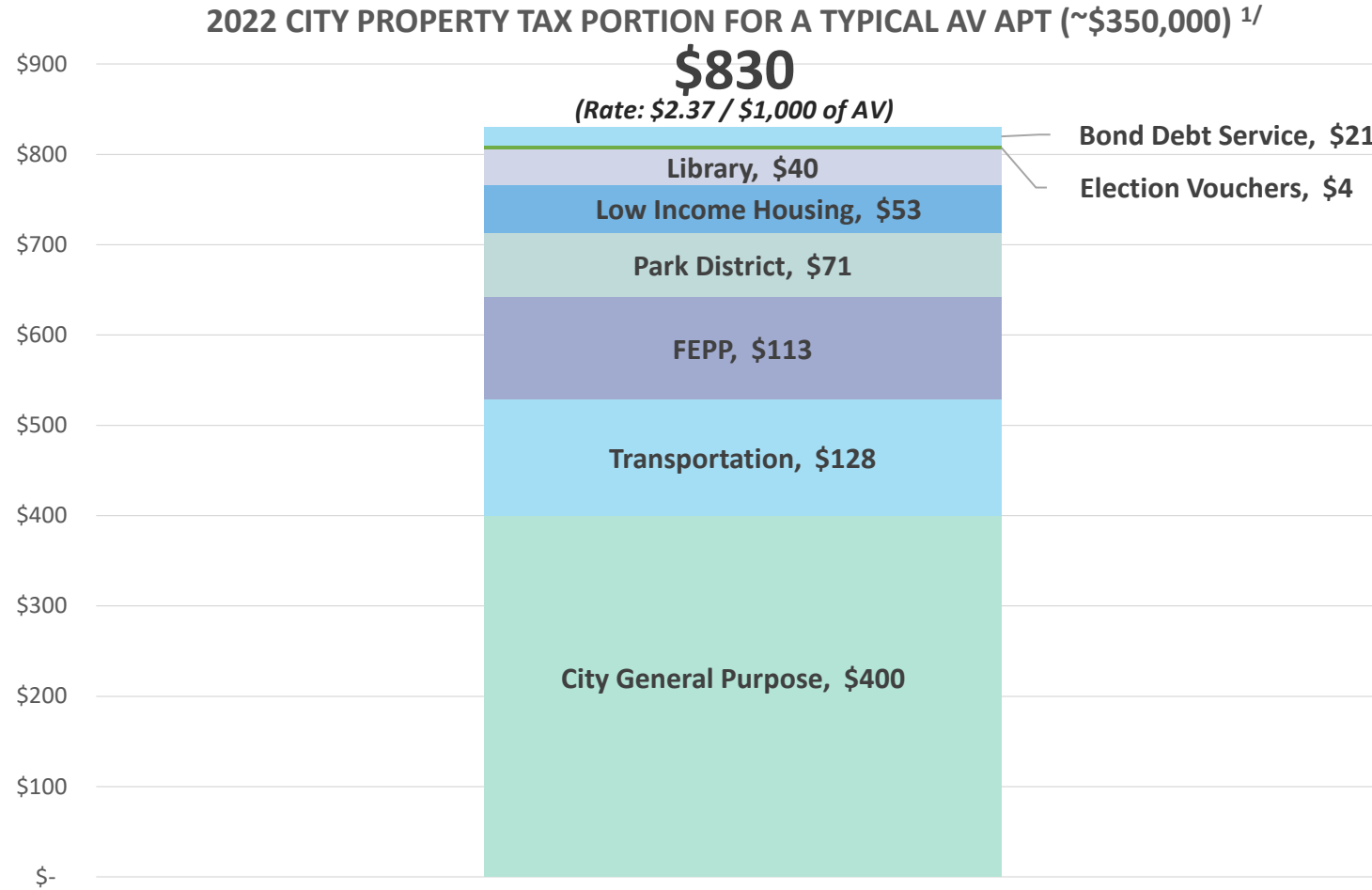
2022 AMOUNT BY JURISDICTION FOR TYPICAL APARTMENT (~\$350,000) ^{1/}



1/ Office of Economic and Revenue Forecasts rough estimate, based on a Zillow median Seattle rent of \$2,195.

'City' includes Metropolitan Park District

Components of City's Property Tax Levy for 2022



1/ Office of Economic and Revenue Forecasts rough estimate, based on a Zillow median Seattle rent of \$2,195.

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Property tax exemptions and deferrals

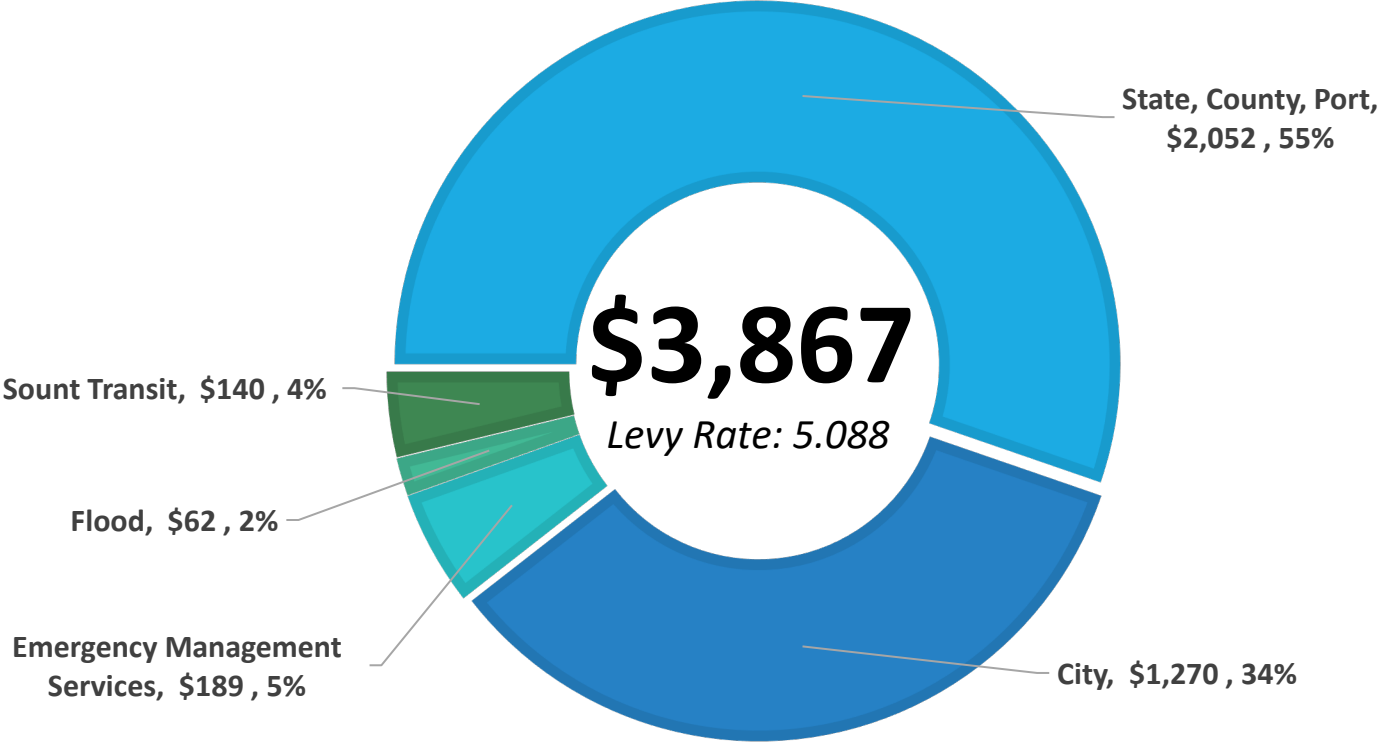
WA State offers four property tax exemption or deferral program for primary residences:

Program	Income Level	Other Eligibility Requirements
Property Tax Exemption	Greater of \$40,000 or 65% of the county median household income	<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 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	Greater of \$45,000 or 75% of county median 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 61 years of age, OR - Disabled and unable to pursue gainful employment

Nonprofit organizations such as schools, churches, hospitals, nursing homes, or museums may also be eligible for property tax exemptions. – source: WA State Department of Revenue (<https://dor.wa.gov/sites/default/files/2022-02/NonProfit.pdf>)

Where do our senior citizens' property taxes go?

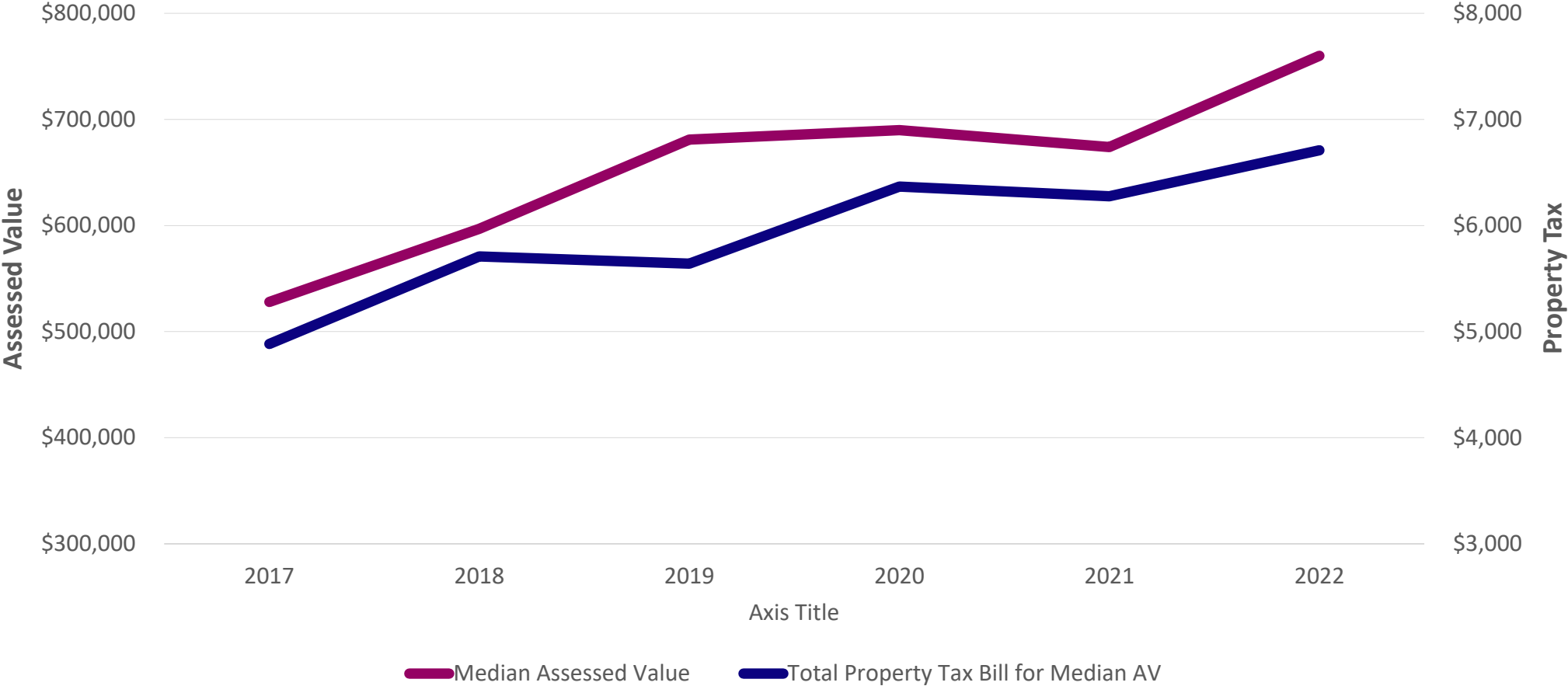
SENIOR AMOUNT BY JURISDICTION FOR MEDIAN AV HOME (\$760,000)



While the State law provides property tax exemptions for seniors and the disabled, more than 26,000 qualified seniors and disabled persons have yet to register for the exemption. – Source: King County Assessor: <https://kingcounty.gov/depts/assessor/TaxRelief.aspx>

'City' includes Metropolitan Park District

Seattle Residential Median AV & Total Property Tax Bill



Existing Levy Renewal Dates

Jurisdiction	Levy	Current amount (\$millions)	Duration (years)	Renewal date
City	Low Income Housing	\$290	7	Nov 2023
County	Veterans & Human Services	\$366	6	Nov 2023
County	Emergency Radio Network	\$33	9	Nov 2024
County	Automated Fingerprinting	\$126	6	Nov 2024
City	Transportation	\$930	9	Nov 2024
Schools	BEX Capital	\$1,400	6	Feb 2025
Schools	Programs & Operations	\$647	3	Feb 2025
City	Families & Education	\$620	7	Nov 2025
City	Election Vouchers	\$30	10	Nov 2025
County	Medic 1/EMS	\$183	6	Nov 2025
City	Library	\$213	7	Nov 2026
Special	Metro Park District	\$781	6 ^{1/}	Nov 2028

1/New MPD spending plan approved by park district board generally on 6-year cycle unless or until exceeding authorized tax rate/level at which point voter approval required.

Levy Scenarios: Considerations

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) not included under cap
2. Sequencing and size of lid lifts
 - Timing and size of City lifts, and those of other jurisdictions, can ‘crowd out’ taxpayer appetite for future lifts
 - All City lid lifts (low-income housing, transportation, etc.)
 - Key County levy lid lifts – Veterans, Best Start, Parks
 - School District levy lid lifts
 - Potential new County levy for behavioral health – April 2023 vote

Levy Scenarios: Assumptions

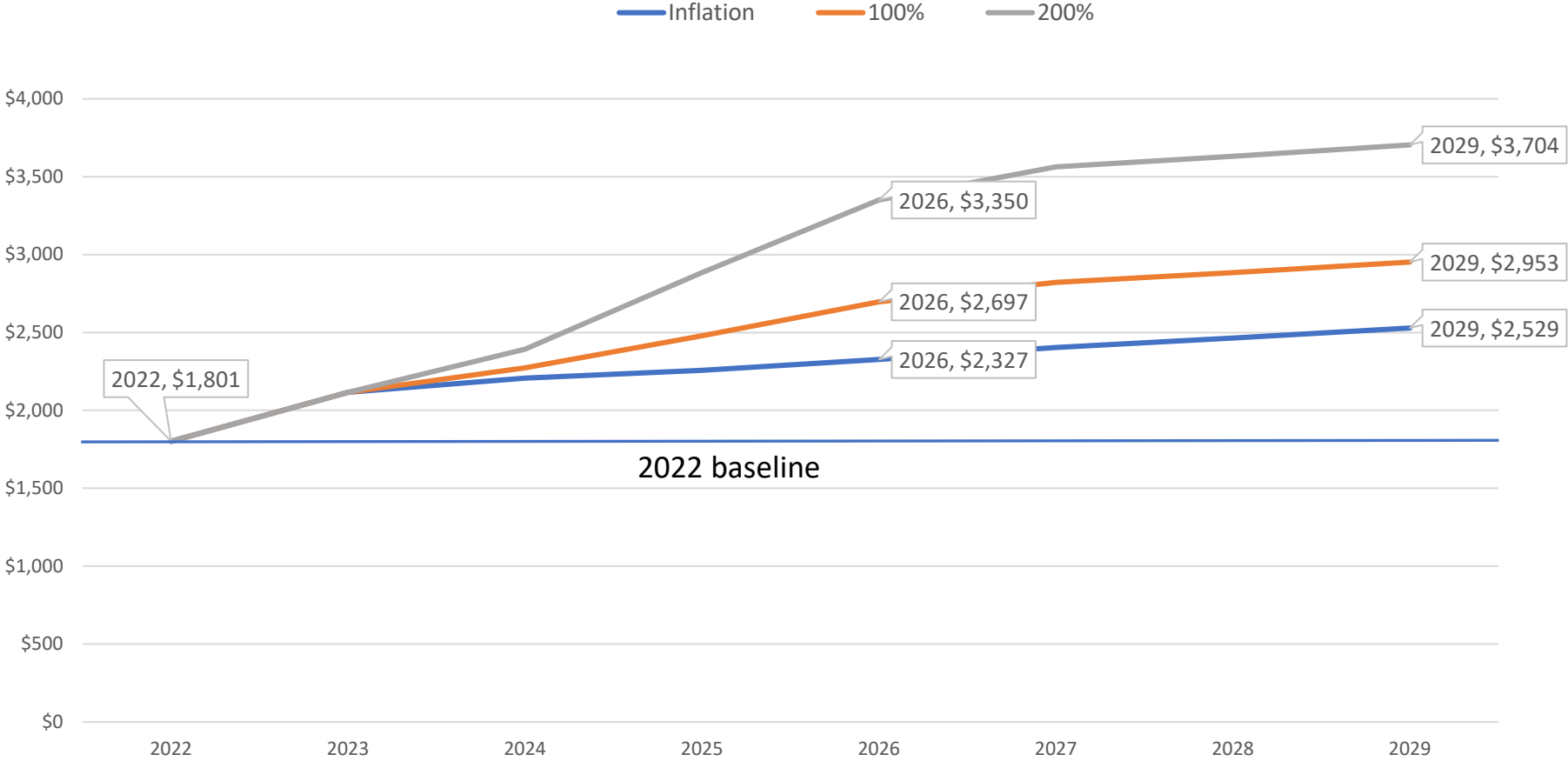
1. Based on AV growth estimates from Office of Economic and Revenue Forecasts
2. Three scenarios modeled for illustrative purposes:
 - Inflation: adjusts for inflation
 - 100% Increase: Doubling of all City lid lifts at renewal date
 - 200% Increase: Tripling of all City lid lifts at renewal date

City lid lift renewal amounts by scenario (\$millions)

	Current	Inflation	100% Increase*	200% Increase*
Low Income Housing	\$290	\$420	\$580	\$870
Families, Education, Preschool & Promise (FEPP)	\$620	\$872	\$1,277	\$1,916
Transportation	\$930	\$1,353	\$1,934	\$2,901
Library	\$213	\$312	\$452	\$677
Election Vouchers	\$30	\$38	\$60	\$90

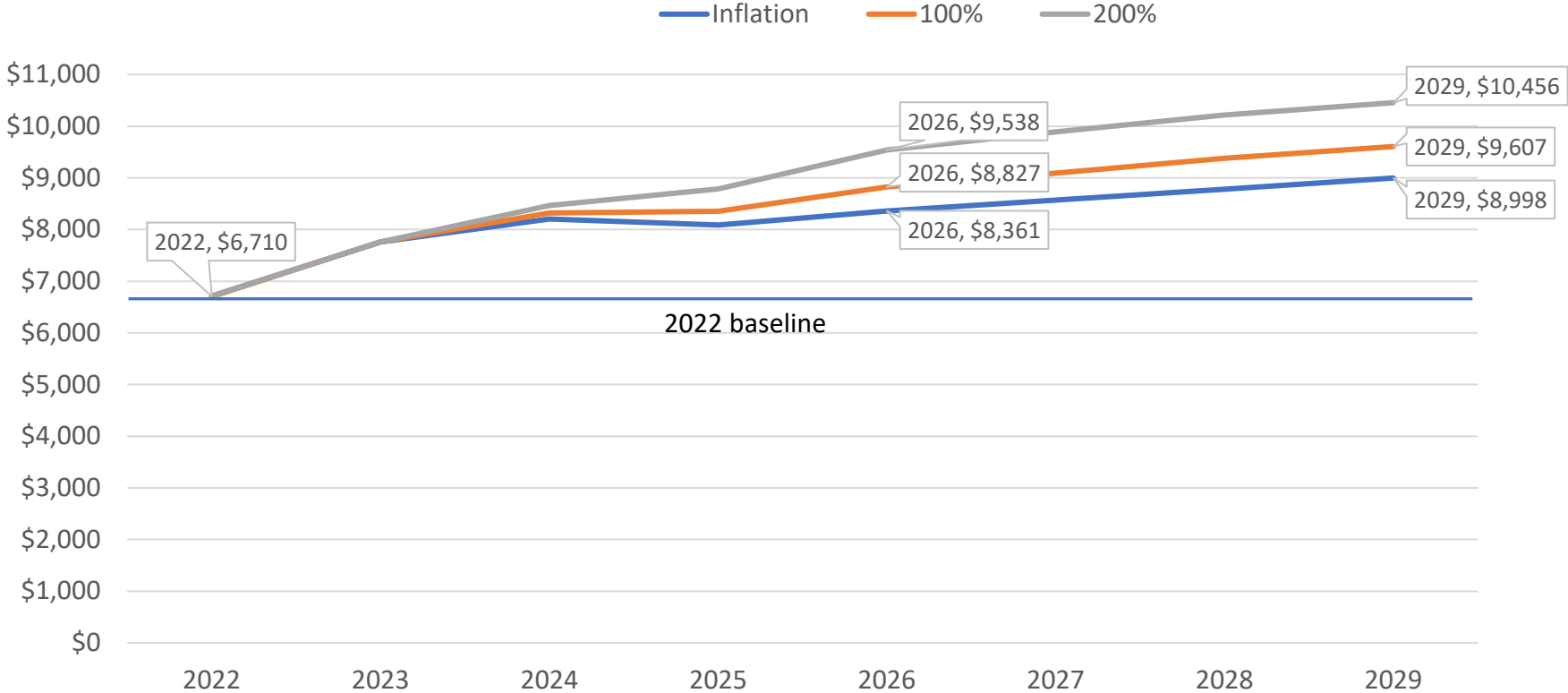
*Scenarios also include the impact of the annual 1% growth levy growth permitted by state law, which marginally increases the calculated amounts for some levies above the stated scenario level.

City tax burden median AV home



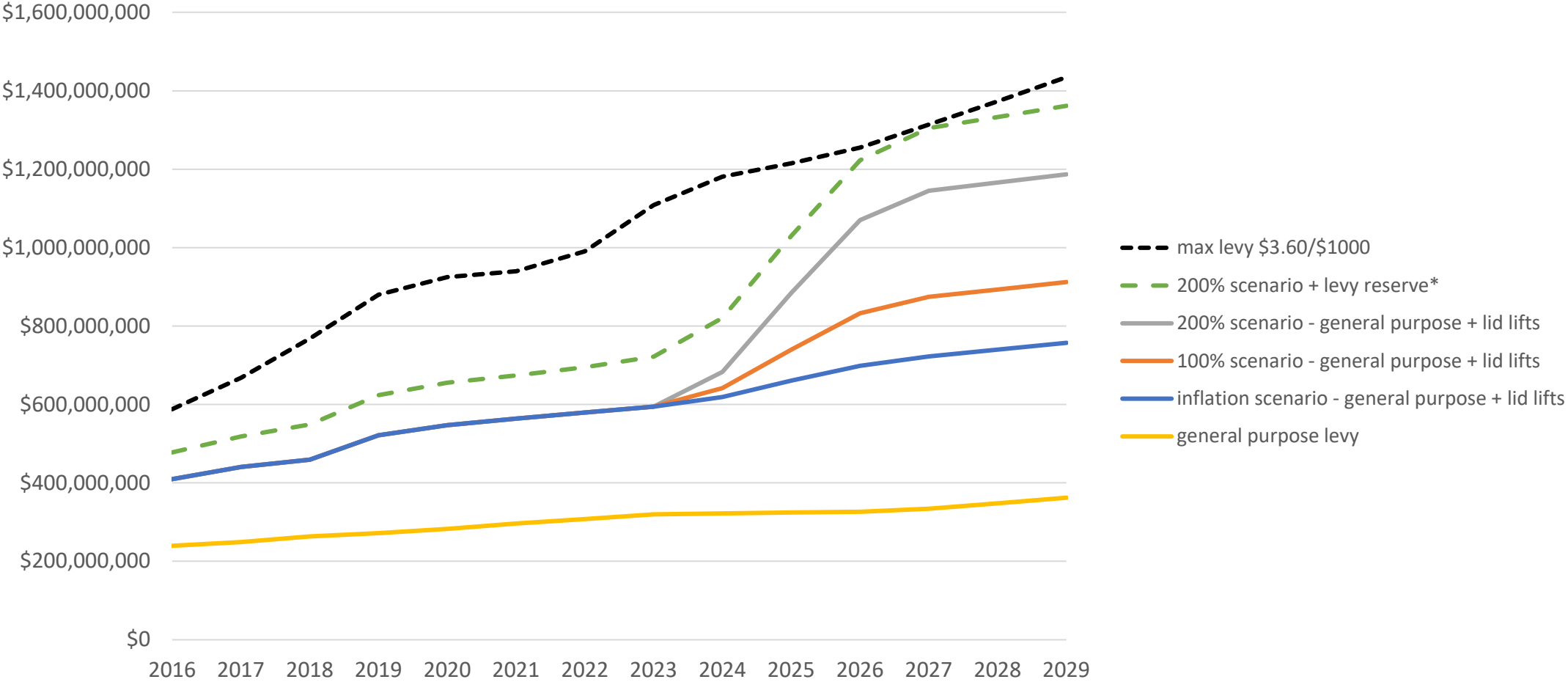
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Overall tax burden, median AV home

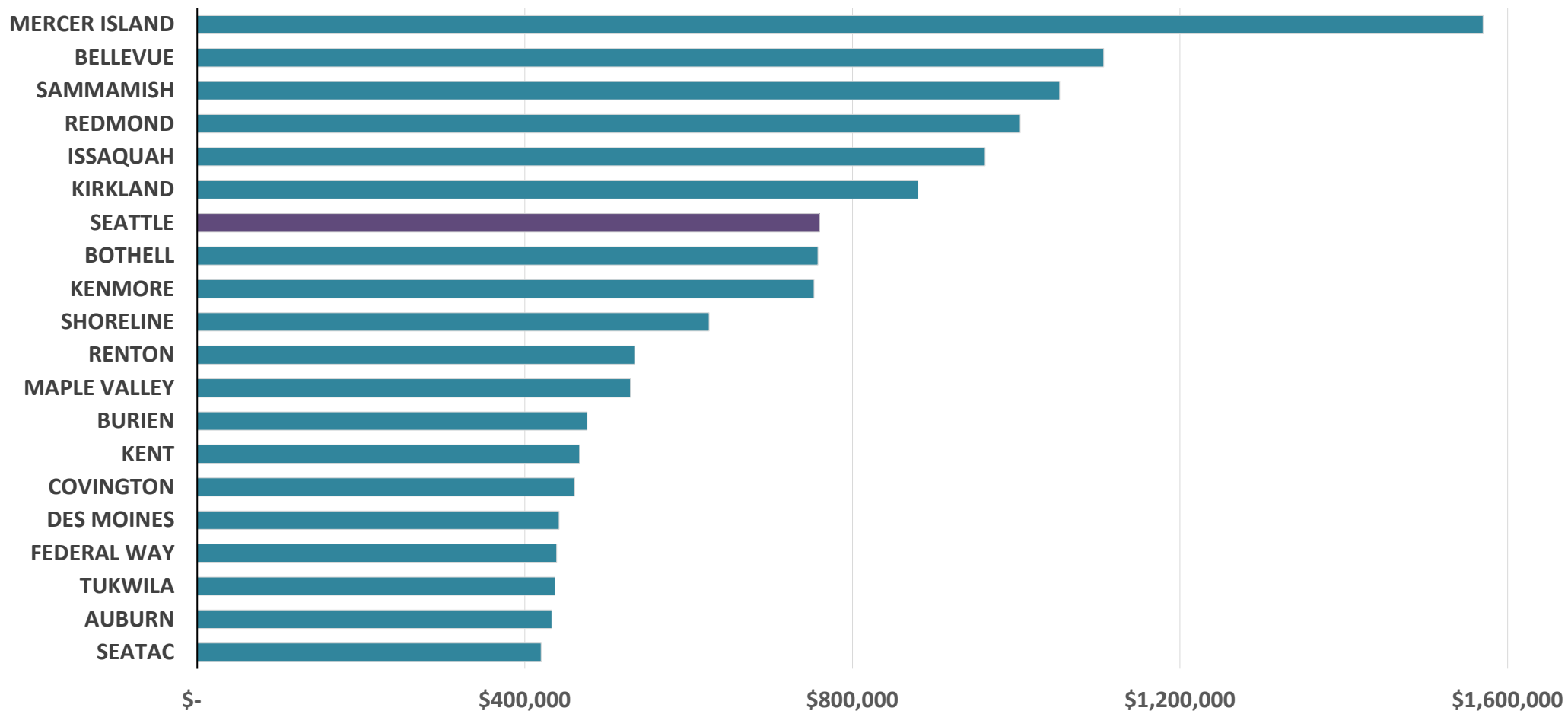


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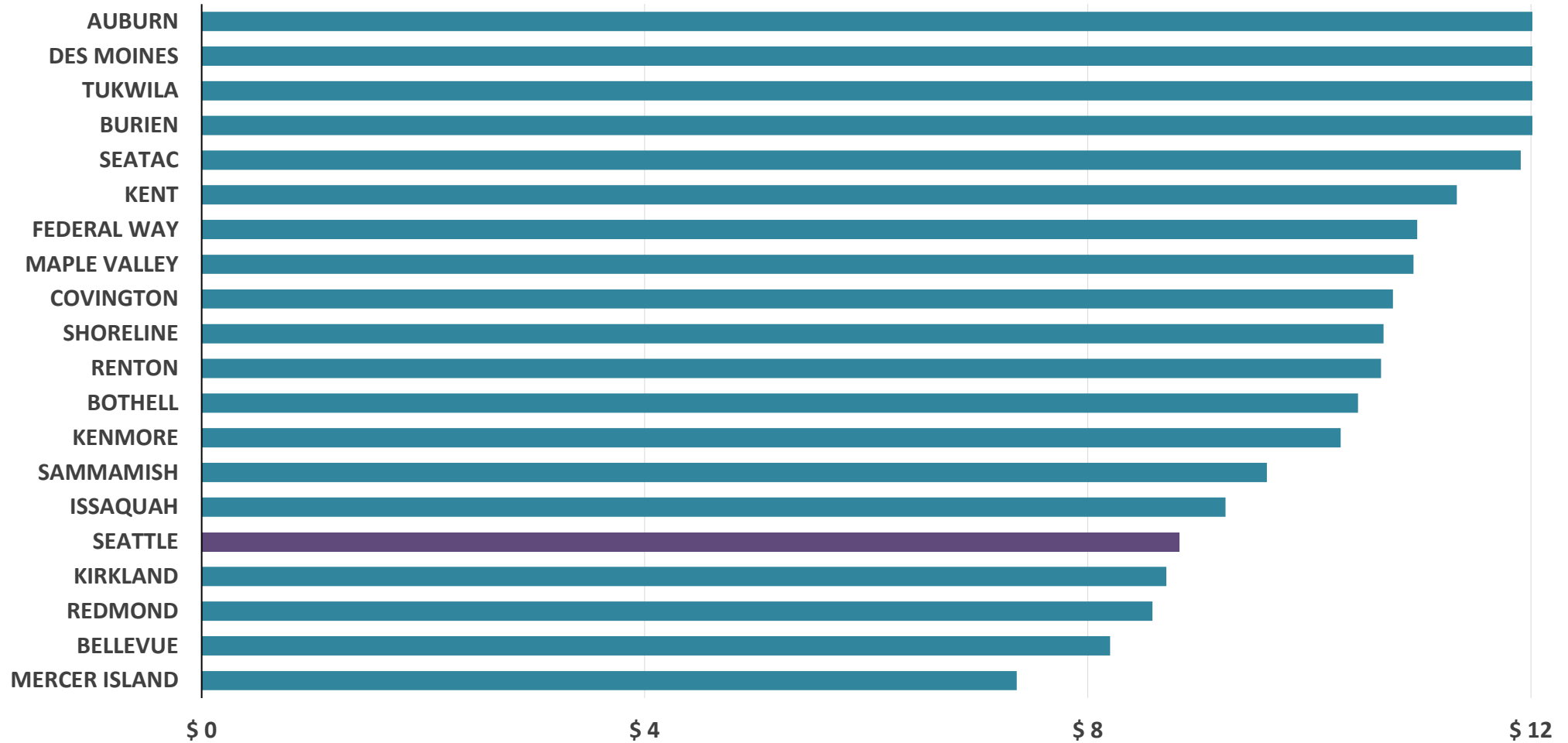
Levy revenue compared to capacity, by scenario



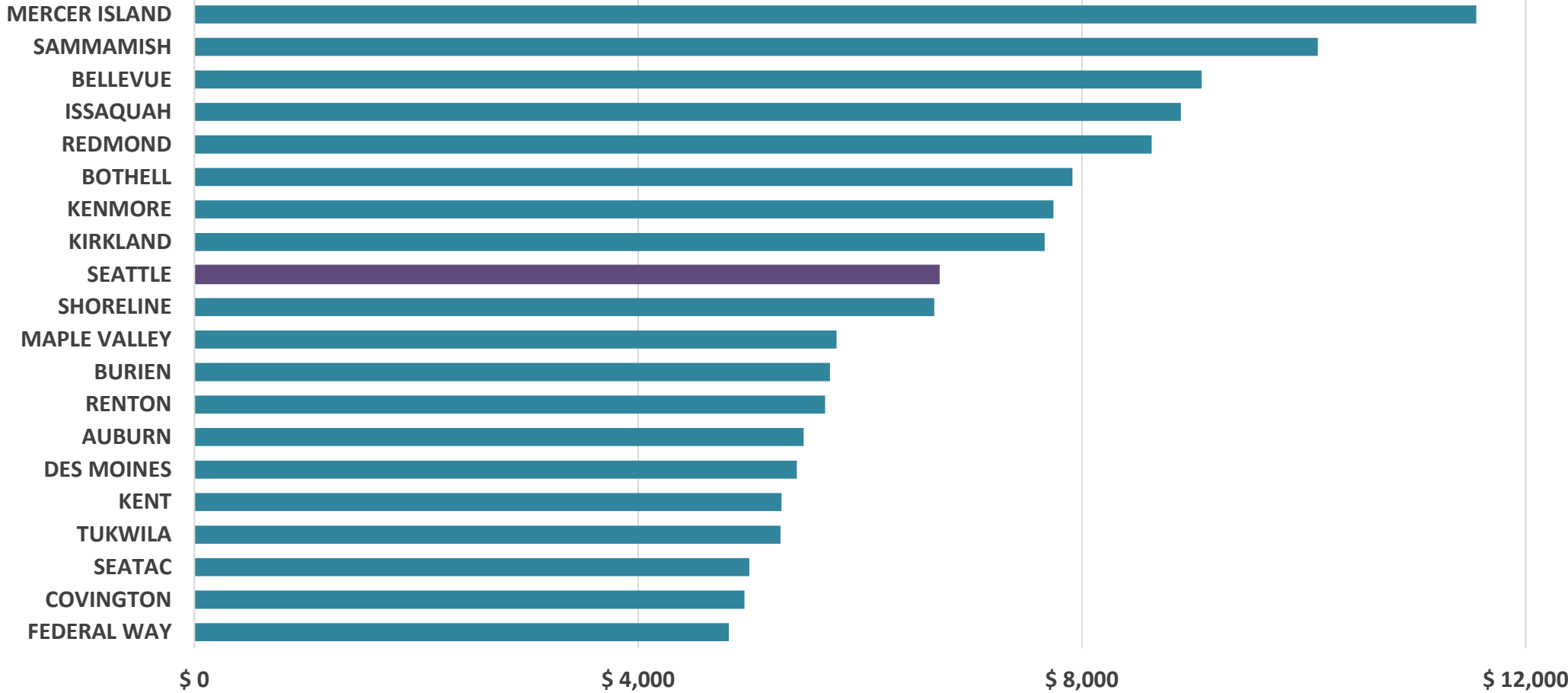
City Comparison: 2022 Median Residential Property Values



City Comparison: 2022 Property Tax Rates



City Comparison: 2022 Median Property Tax Bills



Questions?