



INFORMATIONAL MEMORANDUM

TO: Finance and Governance Committee

FROM: Vicky Carlsen, Finance Director

CC: Mayor Ekberg

DATE: March 8, 2022

SUBJECT: Property Taxes within the City of Tukwila - 2022

ISSUE

Review property taxes within the City of Tukwila

BACKGROUND and DISCUSSION

Per state law, all real and personal property in the State of Washington is subject to property tax based on 100% of the fair market value unless the law provides for a specific exemption. The Washington State Constitution requires all taxes on real estate to be uniform within a taxing district.

The State Constitution exempts all property owned by the United States, counties, school districts, and other municipal corporations. The Legislature has also exempted business inventories, household goods and personal effects, churches and their grounds, hospitals, private schools and colleges, and tribal lands used for essential government services.

Current state law authorizes property tax relief on the principal residences of senior citizens and persons retired by reason of disability if they meet certain income requirements. What this means is that property owners that qualify under this program, are exempt from most voter approved levies.

Property Tax within the City of Tukwila

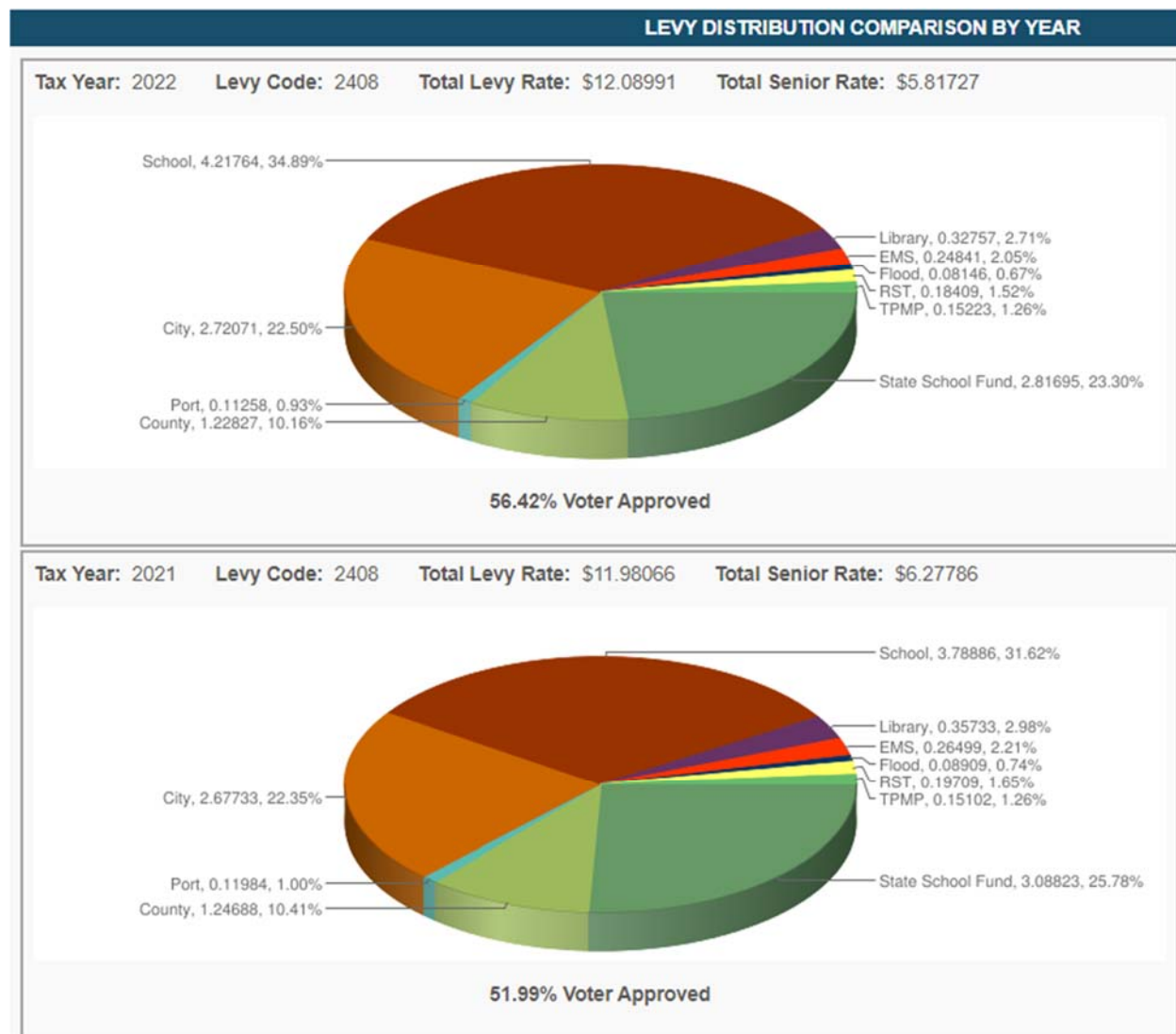
There are several taxing entities within the borders of the City of Tukwila. Those include the following:

- State school fund
- Local school district
- King County
- Port
- Library
- EMS
- Flood district
- Regional Sound Transit
- Tukwila Pool Metropolitan Park District

Boundaries for taxing jurisdictions do not align neatly and they often overlap other taxing jurisdictions. For example, there are several school districts within the City of Tukwila boundaries. If a property is located in the central part of the City, a property owner would

pay property taxes to the Tukwila School District, but a property located in the north end of the city could pay property taxes to the Seattle School District.

For a property located within the Tukwila School District, the tax levy rate is broken down as follows:



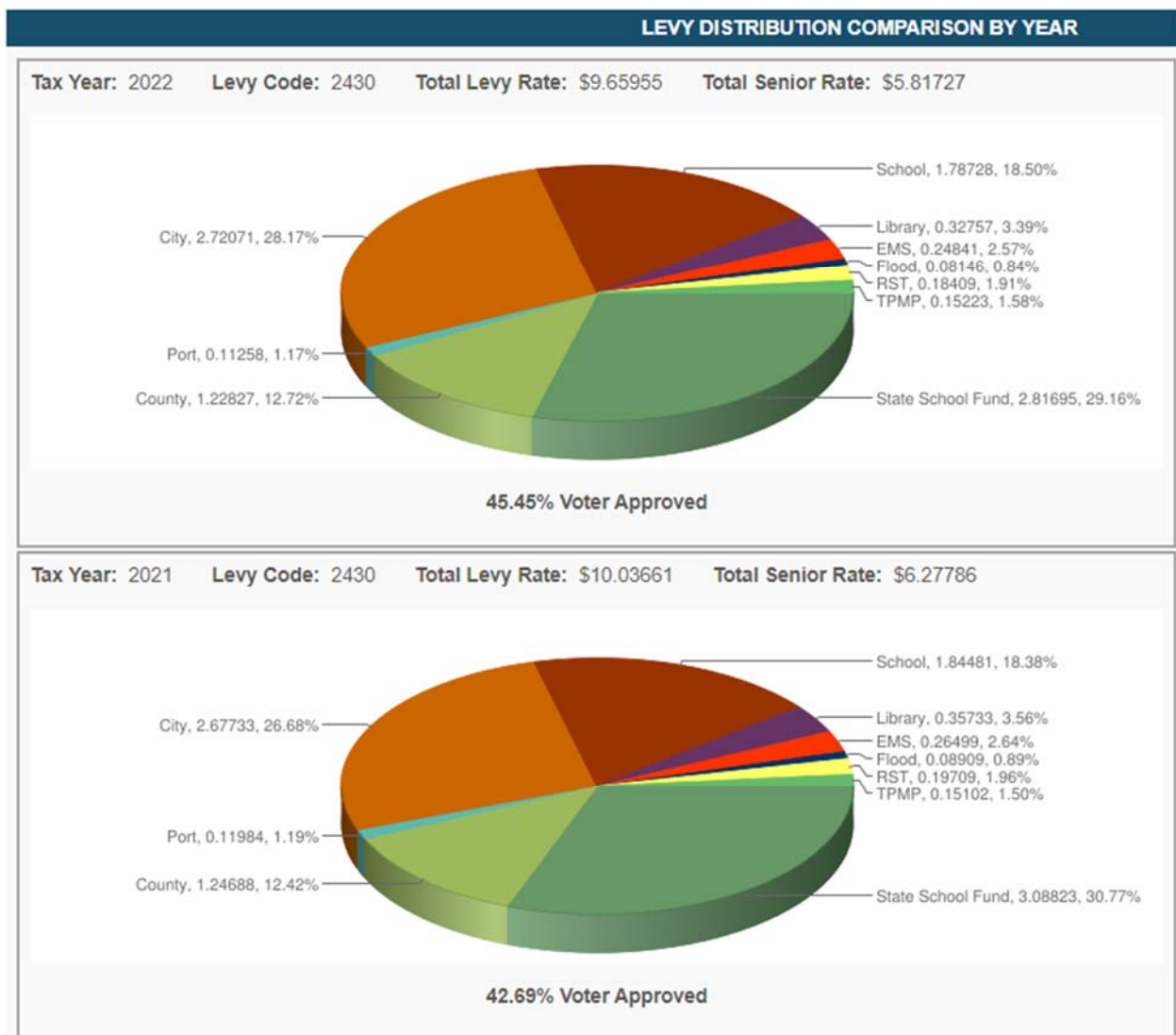
(screen shot from King County website)

The top graph displays 2022 levy rate data, and the bottom graph illustrates 2021 data. The total levy rate for 2022 is \$12.08991, the senior/disabled rate is \$5.81727, and of the total levy rate of \$12.08991, 56.42% is voter approved. The City's portion of the total levy rate is \$2.72071, or 22.5% of the total tax levy. The levy rate for the City increased by \$0.04338, or 1.62%. State and local school levies total \$7.03459, which is 58.2% of the total tax levy. Additionally, the senior/disabled rate decreased from \$6.27786 in 2021 down to \$5.81727 in 2022.

The increase or decrease in a specific property owner's tax bill is not only determined by the total levy rate for the year, but also by the change in assessed value for the individual parcel. If all parcels within a jurisdiction's boundary all increase by the same percentage,

then all property owners realize the same increase in their property tax bill. However, not all parcels within the same taxing boundary increase by the same percentage. Those property owners that show a larger increase in assessed value than others would realize a larger increase in total property bill than those that experienced a smaller increase in assessed value.

For comparison purposes, the next set of graphs show the total tax levy rate, but for a parcel located in the north end of the City but in a different school district. The total levy rate for 2022 is lower at \$9.65955 than 2021, which was \$10.03661. Voter approved levy is 45.45% and total schools (state and local) is \$4.60423, which is \$2.43036 lower than parcels located in the Tukwila School District.



RECOMMENDATION

Discussion only