The Common Question on Property Taxes

"Does higher assessed value necessarily mean higher property taxes?"
The Answer is NO

Your higher assessed value **does not** necessarily equate to a rapid increase in property taxes

and here is **WHY**...
Limits on Property Taxes

(Cities, Schools, Fire Districts, etc.)

Taxing Districts are limited to a 1% annual increase in property tax revenue

+ plus, tax revenues generated by new constructions

Unless ...
The 1% Property Tax Limit

Unless... Voters approve new levies

For example, if a taxing district received 1 million dollars in property taxes in 2014

The taxing district can only receive $1.01 million dollars the next year (1% increase), plus any tax revenues generated by new construction.

The Assessor’s Office will then adjust the Property Tax Rate up or down to ensure that the 1% limit is maintained and that voter approved levies are funded.
My Property Values

First, how is your property value calculated?

2014 Property values are based on market sales that occurred prior to **January 1st, 2014**

Market Sales in 2014 that occurred after January 1st will be included in the 2015 property valuations

Property values are not based on the budget needs of governments
In that case, how is my Property Tax Calculated?

Expressed in $ per $1,000 of Assessed Value

1. 1000 X Total Budgets of Taxing Districts
   (Cities, Schools, Fire Districts, etc.)

   ÷

2. Total Property Values
   (Residential, Commercial, and Personal Property)

   =

3. Your Property Tax Rate
   Per $1,000 of Property Value
Setting the Tax Rate

Let's imagine a city with a school, fire, and hospital district that has a combined budget of $1 million dollars in 2014.

All the properties within the boundaries of these district are valued at $1 billion dollars.

The Assessor's Office role is to determine the Property Tax Rate to ensure property owners are paying their fair share in funding these programs and services.
Property Tax Rate

Determining the Property Tax Rate in our example

1. 2014 Total Budgets of Taxing Districts = 1000 X $1 Million
   (Cities, Schools, Fire Districts, etc.)

2. 2014 Total Property Value = $1 Billion
   (All Taxable Residential, Commercial, and Personal Property)

3. Property Tax Rate = $1.00 per $1,000 of Value
Applying the Property Tax Rate
From our example:

1. Property Tax Rate
   $1.00 per $1,000 of Value
   (Cities, Schools, Fire Districts, etc.)

2. Property Valuation of House A
   $200,000

3. Property Tax total for House A
   $1.00 X 200 (per $1,000 of Value)
   $200 Dollars in Property Taxes
If Property Values go up by 10%

From our example:

In 2015, the city with a school, fire, and hospital district increased their budget by the 1% limit

From $1 million to $1.01 million

AND

All property values increased by 10%

From $1 billion to $1.1 billion

The Assessor's Office has to lower the Property Tax Rate to ensure that revenue does not exceed the 1% limit
Adjusting the Tax Rate

From our example:

Determining the NEW Property Tax Rate

1. Total Budgets of Taxing Districts = 1000 X $1.01 Million (+1% increase)
   (Cities, Schools, Fire Districts, etc.)

2. Total Property Value = $1.1 Billion Dollars (+10% increase)
   (All Taxable Residential, Commercial, and Personal Property)

3. Property Tax Rate must be lowered because of the 1% limit

   From $1.00 to $0.87 per $1,000 of Value
Applying the Property Tax Rate

From our example:

1. New Property Tax Rate
   $0.87 per $1,000 of Value
   (Cities, Schools, Fire Districts, and etc)

2. New Property Valuation of House A
   $220,000 (+10%) from $200,000

3. New Property Tax total for House A
   $0.87 \times 220 \text{ (per $1,000 of Value)}
   $193.22 \text{ Dollars in Property Taxes}

Property taxes went down from the previous year despite a 10% increase in property assessment
To Recap on Property Taxes

Taxing Districts are limited to a 1% annual increase in property tax revenue, but can get any new tax revenue from new constructions.

Voters may approve levies to increase property tax revenue beyond the 1%.

The Assessor's Office will adjust the property tax rates annually.

Rising property values does not necessarily equate to a rapid increase in property taxes.
How is my individual Property Tax Bill calculated?

Your 2014 Property Tax Bill is based on your property tax rate and 2013 property valuation notice.
How is my individual Property Tax Bill calculated?

Your property tax bill in February provides a breakdown of tax rates by district.

Each district applies a specific rate, and the rates are added together to determine how much property tax you will pay annually.
How do I find my Property Tax Rate?

Visit the Assessor's website and type in your address into eReal Property Search for more information

http://www.kingcounty.gov/assessor
How do I know what my property tax dollars fund?

eReal Property Search also provides

- Property Characteristics
- Property Values & Sales
- Property Tax History
- Historical Photos

http://www.kingcounty.gov/assessor
Questions? Contact us

This is a brief summary on how property taxes are calculated in King County and Washington State.

Property value is one component of a complex process in determining your property tax.

The Assessor's Office role is to set the property tax rate to ensure that budgets and voter-approved levies are funded, and that property owners pay no more or no less than their fair share.

Visit the 2014 Values page on our homepage for more information or call us at 206-296-7300.