

Property Taxes 101

Property Taxes 101

- Topics to discuss
 - Definitions
 - Statistics about Kitsap County property taxes in general
 - The rules (laws) governing property tax levies
 - Examples of how the rules apply

Property Taxes 101

- Definitions

- Assessed Value

- The value of a residential property and its improvements as set by the Kitsap County Assessor, by law, this is supposed to be 100% of market value

- Levy or Tax Rate

- The amount of property tax paid per \$1,000 of assessed value

- Levy (or Tax Levy)

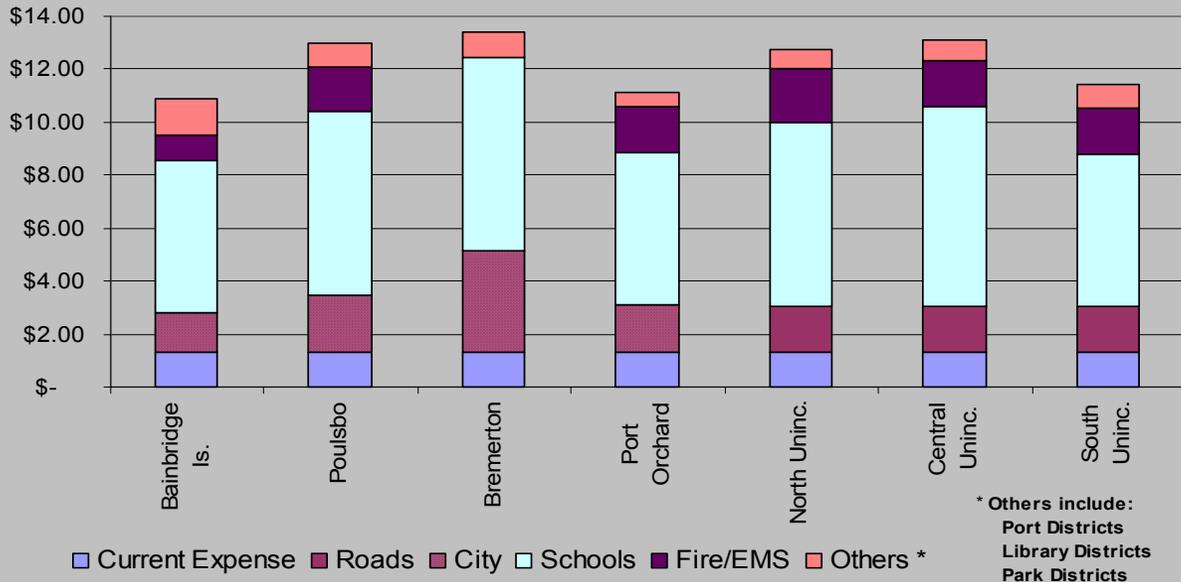
- The actual dollar amount paid by the tax payer

Property Taxes 101 (Statistics)

- Take a typical home in Kitsap County and look at it in different ways
 - Tax rates in various areas of the county and why they might differ
 - Property Taxes paid in unincorporated areas
 - Property Taxes paid in incorporated areas

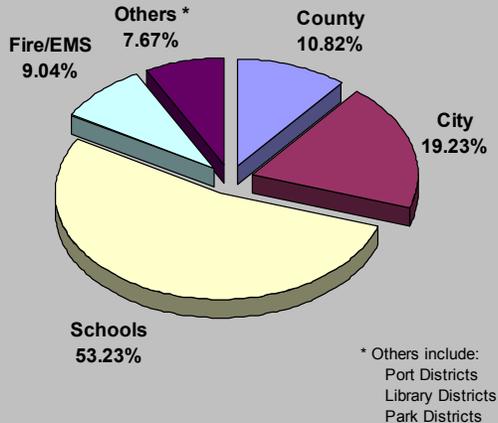
Property Taxes 101 (Statistics)

Tax Rates by Area (per \$1,000 Assessed Value)

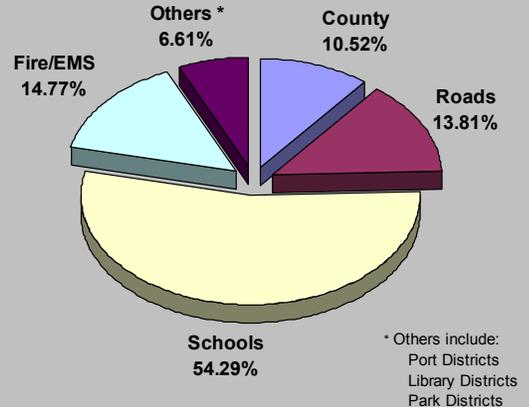


Property Taxes 101 (Statistics)

Incorporated Area (\$12.09)
Taxes on a \$250,000 Home = \$3,022



Unincorporated (\$12.44)
Taxes on a \$250,000 Home = \$3,110



Property Taxes 101 (Rules)

- The maximum rate a County can levy is \$1.80 for the Current Expense and \$2.25 for Roads
 - Current Expense Levy: \$1.31
 - Road Levy: \$1.72
- Total Property Taxes levied can only increase by 1.0% from year to year plus an adjustment for new construction (Initiative 747)
 - Exceptions are the “voted” taxes like school district special levies (requiring a 60% majority) and “lid lifts”

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- How property tax is calculated

Tax = Assessed Value/\$1,000 X Tax Rate

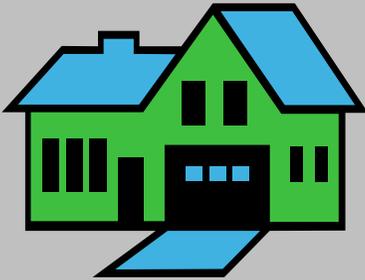
Given a residence with a value of \$250,000

Given a tax rate of \$12.773057 per \$1,000 of assessed value (NK Uninc)

Tax = \$250,000/\$1,000 X \$12.773057 = 250 X \$12.773057 = \$3,193.26

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Property Taxes on the Median Value home in Various Locations



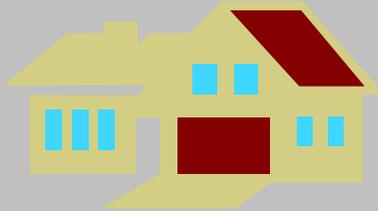
Location	Bainbridge Island
Assessed Value	\$ 368,860
Tax Rate	10.875080
Tax	\$ 4,011.38



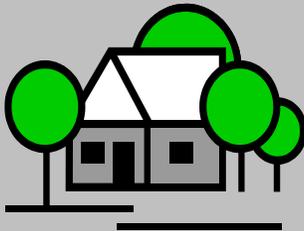
Location	North Kitsap Uninc.
Assessed Value	\$ 221,730
Tax Rate	12.773057
Tax	\$ 2,832.17

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Property Taxes on the Median Value home in Various Locations



Location	Poulsbo	
Assessed Value	\$	192,590
Tax Rate		12.999667
Tax	\$	2,503.61



Location	Central Kitsap Uninc.	
Assessed Value	\$	182,740
Tax Rate		13.100595
Tax	\$	2,394.00

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Property Taxes on the Median Value home in Various Locations



Location	South Kitsap Uninc.
Assessed Value	\$ 176,340
Tax Rate	11.449548
Tax	\$ 2,019.01



Location	Port Orchard
Assessed Value	\$ 128,860
Tax Rate	11.111239
Tax	\$ 1,431.79

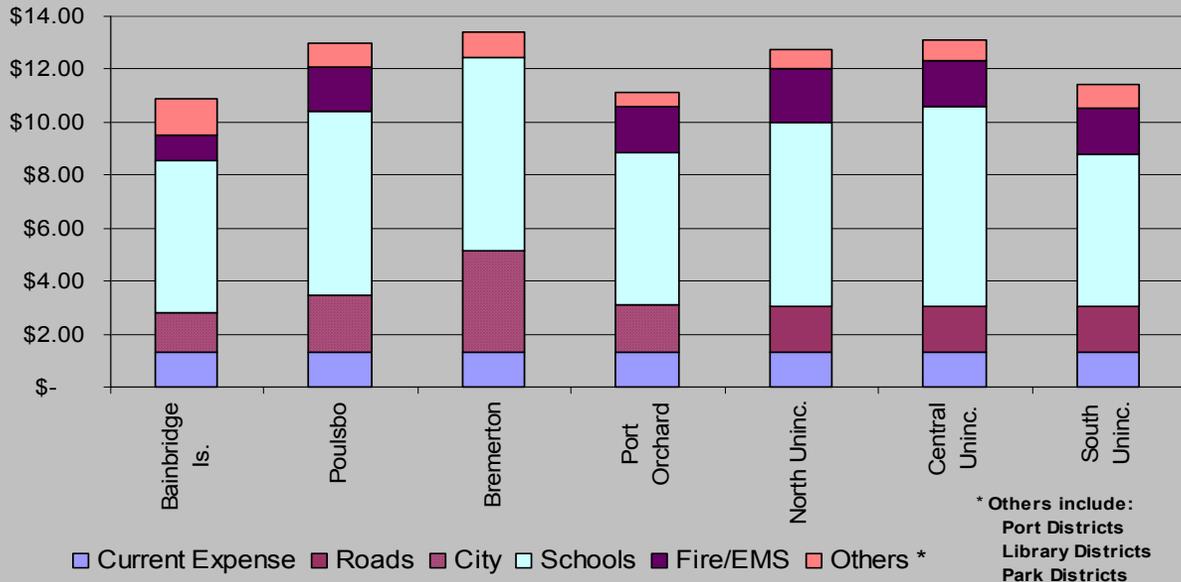
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Location		Bremerton
Assessed Value	\$	114,150
Tax Rate		13.377674
Tax	\$	1,527.06

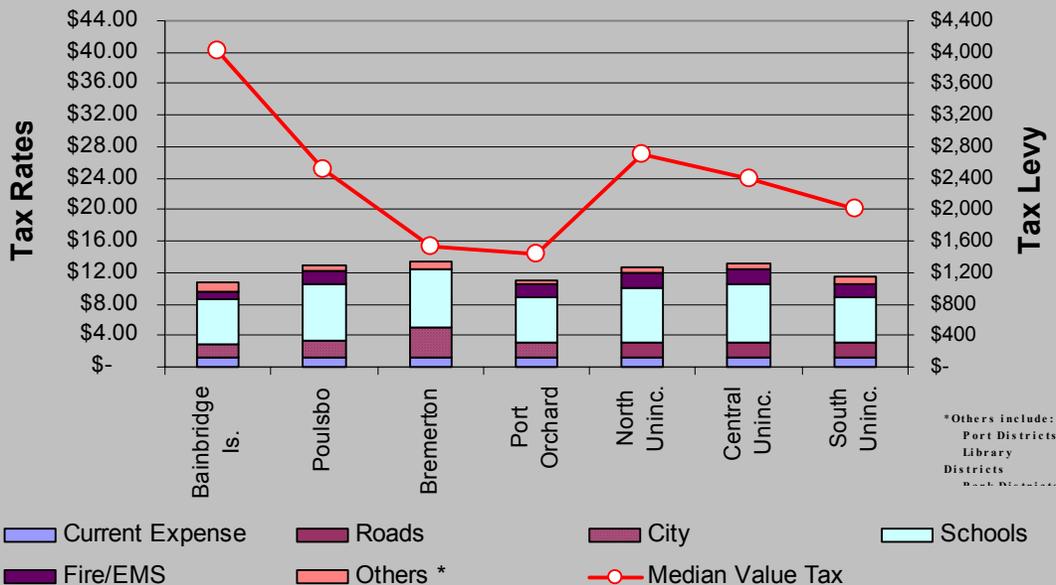
Property Taxes 101 (Statistics)

Tax Rates by Area (per \$1,000 Assessed Value)



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Taxes on a Median Value Home by Area

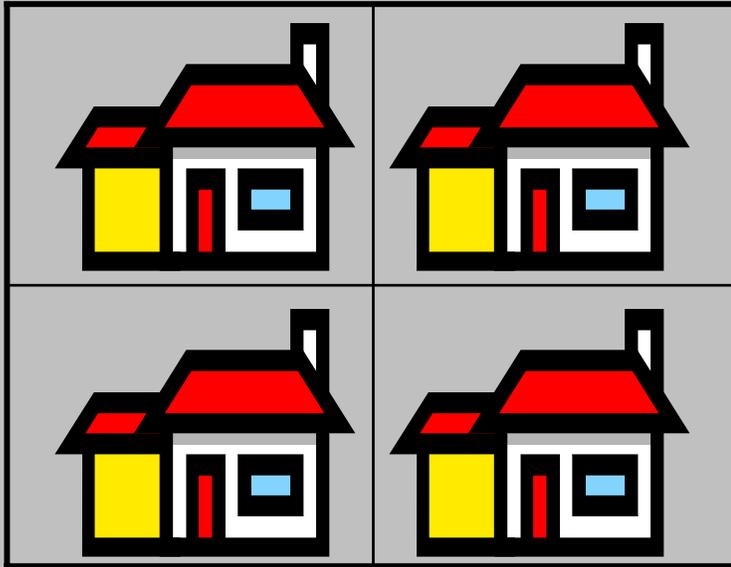


Property Taxes 101

- From here on, we are going to talk only about property taxes paid to Kitsap County
- The hypothetical scenario is that we begin with four identical houses in 2005 and watch what happens to them as we progress to tax year 2009

Property Taxes 101

Let's say we have four (4) identical houses in all of Kitsap County and each one has the same value in 2004



Property Taxes 101 (2005-2006)

Kitsap County Current Expense Taxes

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2005	A	\$ 300,000	1.30856	\$ 392.57
	B	300,000	1.30856	392.57
	C	300,000	1.30856	392.57
	D	300,000	1.30856	392.57
			<u>\$ 1,200,000</u>	
2006	A	\$ 600,000	0.66082	\$ 396.49
	B	600,000	0.66082	396.49
	C	600,000	0.66082	396.49
	D	600,000	0.66082	396.49
			<u>\$ 2,400,000</u>	

In this case, all property values doubled. The question is how does this affect taxes. The answer is that taxes increased 1.0% for each house and 1.0% in aggregate. The 2006 tax rate is essentially cut in half.

1.0%
Increase



Property Taxes 101 (2006-2007)

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2006	A	\$ 600,000	0.66082	\$ 396.49
	B	600,000	0.66082	396.49
	C	600,000	0.66082	396.49
	D	600,000	0.66082	396.49
			<u>\$ 2,400,000</u>	
2007	A	\$ 850,000	0.62965	\$ 535.20
	B	450,000	0.62965	283.34
	C	644,000	0.62965	405.49
	D	600,000	0.62965	377.79
			<u>\$ 2,544,000</u>	

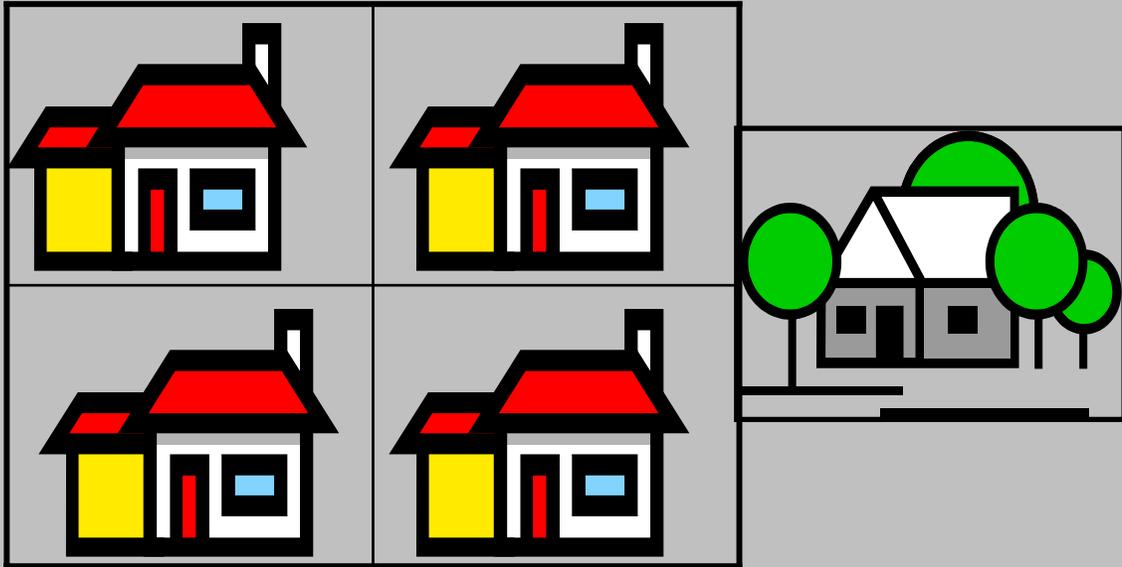
In this case, some property values increased and others decreased but overall, the value went up 6.0%. The 2007 tax rate goes down but there has been a tax shift because some homes have higher values than others.

1.0%
Increase



Property Taxes 101 (2007-2008)

In 2007/8 we still have our original four houses but a new house has been added to the mix.



Property Taxes 101 (2007-2008)

Kitsap County Current Expense Taxes

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2007	A	\$ 850,000	0.62965	\$ 535.20
	B	450,000	0.62965	283.34
	C	644,000	0.62965	405.49
	D	600,000	0.62965	377.79
			<u>\$ 2,544,000</u>	
2008	A	\$ 920,000	0.59067	\$ 543.42
	B	550,000	0.59067	324.87
	C	644,000	0.59067	380.39
	D	625,000	0.59067	369.17
			<u>\$ 2,739,000</u>	
	E	\$ 725,000	0.62965	\$ 456.50
Total Allowed				\$ 2,074.34

In this case, some property values increased or stayed the same and we had some “new construction.” The 2008 tax rate goes down and there is a tax shift because some homes increased in value more than others.

Still only a 1.0% increase is allowed

Property Taxes 101 (2008-2009)

Kitsap County Current Expense Taxes

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2008	A	\$ 920,000	0.59067	\$ 543.42
	B	550,000	0.59067	324.87
	C	644,000	0.59067	380.39
	D	625,000	0.59067	369.17
	E	725,000	0.62950	456.39
		<u>3,464,000</u>		<u>\$ 2,074.24</u>
2009	A	\$ 966,000	0.58098	\$ 561.22
	B	577,500	0.58098	335.51
	C	676,200	0.58098	392.86
	D	656,250	0.58098	381.27
	E	730,000	0.58098	424.11
		<u>\$ 3,605,950</u>		<u>\$ 2,094.98</u>

In this case all property values increased. The 2009 tax rate goes down and there is a tax shift because some homes increased in value at a faster rate than others, but total taxes only grew 1.0%.



Still only a 1.0% increase is allowed

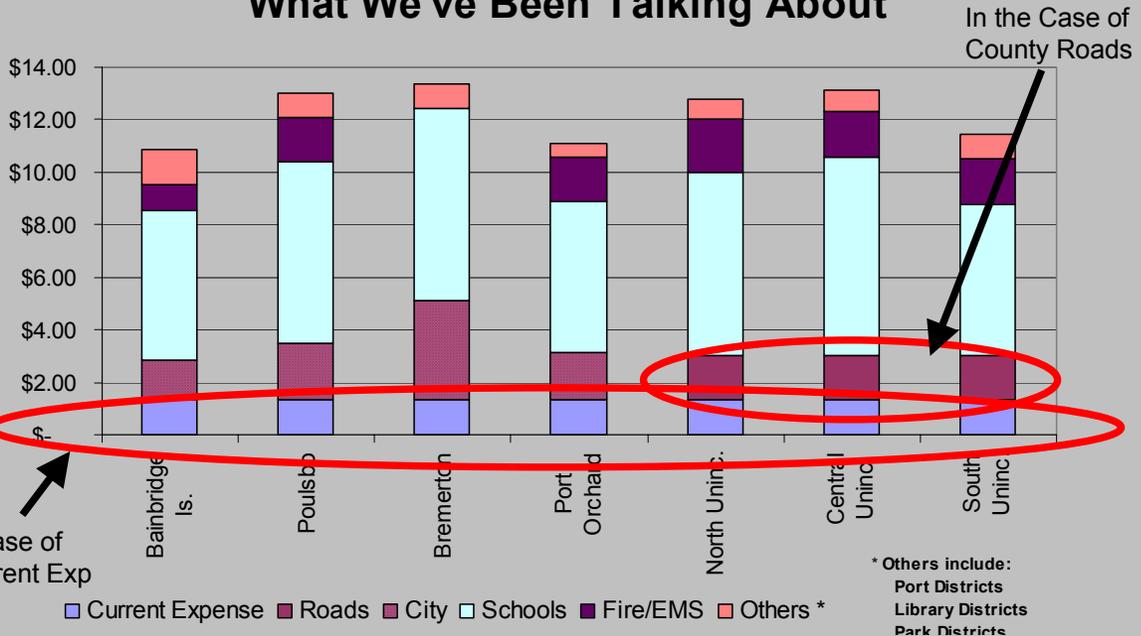
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What Happened From 2005 to 2009 (4 Years)

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>	
2005	A	\$ 300,000	1.30856	\$ 392.57	
	B	300,000	1.30856	392.57	
	C	300,000	1.30856	392.57	
	D	300,000	1.30856	392.57	
		<u>\$ 1,200,000</u>		<u>\$ 1,570.27</u>	
2009	A	\$ 966,000	0.58098	\$ 561.22	43.0%
	B	577,500	0.58098	335.51	-14.5%
	C	676,200	0.58098	392.86	0.1%
	D	656,250	0.58098	381.27	-2.9%
			<u>\$ 2,875,950</u>		<u>\$ 1,670.95</u>
	E	<u>\$ 730,000</u>	0.58098	<u>\$ 424.11</u>	
		<u>\$ 3,605,950</u>		<u>\$ 2,095.09</u>	

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What We've Been Talking About



Property Taxes 101

- Next – The Color of Money