

My name is Emily Wilcox, and I am the Cowlitz County Assessor. It is my expectation that our office consistently strive to serve the people of Cowlitz County; both accuracy and transparency are vital in that mission. The recent article in the Daily News discussing property values and taxes did not meet those expectations, so I would like to clear that up.

First, it is important for my office to share relevant, meaningful information with the public. As the Assessor, it is not my role to support or oppose any levies or bonds, and our office has no say in the amount of taxes that are collected for the districts (other than applying limitations as required by statute). The role of the Assessor’s Office is simply to make sure the collection of property taxes is as fair and equitable as possible. My goal is to give out data, so voters are informed and know the impact of their decisions, not to influence what they choose to do.

I’d like to correct a couple of the errors in the newspaper article and clarify a few things.

1. Washington utilizes a Budget-Based Tax System, which means the taxes aren’t going up because assessed value increased. Although it is a complicated process, simply put, your taxes went up because more money was approved to be collected. Your taxes would be going up even if the assessed value went down. Unfortunately this information was misquoted in the article.
2. The State decided to change the \$1.50 cap on the school district enrichment levies to \$2.50 for the 2020 payable year forward. This means both Woodland and Toutle School Districts will see increases to their enrichment levies this year. The increased cap allowed the school districts to raise their total levy to amounts that were approved by the voters before the State Part 2 legislation was in place.

	2019 Levy Amount	2019 Levy Rate	2020 Levy Amount	2020 Levy Rate
Toutle SD	\$ 700,213	\$ 1.50	\$ 1,110,000	\$ 2.19
Woodland SD	\$ 2,893,034	\$ 1.50	\$ 5,000,000	\$ 2.37

3. The City of Woodland also passed a Lid Lift increasing the amount to be collected.

	2019 Levy Amount	2019 Levy Rate	2020 Levy Amount	2020 Levy Rate
Woodland City	\$ 1,480,535	\$ 1.84	\$ 2,177,550	\$ 2.47

4. It is also important to point out that the State School Parts 1 & 2 collected \$30,642,224 last year from Cowlitz County and will be collecting \$38,489,333 this year. This is a huge increase. I personally disagree with the way the State is funding education. Unlike local districts that are budget-based and have a budget cap of a 1% increase plus new construction (unless voter approved), there is no cap on what the State can collect or the amount it can increase.

	2019 Amount Collected	2019 Levy Rate	2020 Amount Collected	2020 Levy Rate
State School Part 1	\$ 22,403,047	\$ 1.89	\$ 25,136,841	\$ 1.89
State School Part 2	\$ 8,239,177	\$ 0.70	\$ 13,352,492	\$ 1.02
	\$ 30,642,224	\$ 2.60	\$ 38,489,333	\$ 2.91

5. By focusing on the levy rates like The Daily News (and many other entities) chose to do, you are missing important information. Their article shows you the impact on a \$200,000 house, but that isn't the same house year after year because the house that was \$200,000 last year isn't worth \$200,000 anymore. It is important to look at the Total Levy Amount that will be collected and how much the Total Assessed Value in the Districts has changed. I will include the four-year comparison similar to what I provided to The Daily News.

To really understand this topic, it is important to understand how levies work. A rather complex system of taxation really comes down to a relatively simple formula:

$$\text{Taxing District Total Approved Levy} \div \text{Taxing District Total Assessed Value} = \text{Levy Rate}$$

Focusing on the Levy Rate doesn't give you a complete picture of the changes because it is just a byproduct of the other two numbers. It is called a "levy rate" because it is simply the rate by which the approved levy is collected.

Example One

To use simple numbers:

District Approved Levy	\$100,000
District Assessed Value	\$100,000,000

$\$100,000 \div \$100,000,000 = .001$ (or \$1 per thousand)

On a \$200,000 house the amount collected would be \$200

Example Two

If Total Levy went up and Assessed Value went up:

District Approved Levy	\$125,000
District Assessed Value	\$125,000,000

$\$125,000 \div \$125,000,000 = .001$ (or \$1 per thousand)

The District Budget increased 25% and the Assessed Value went up 25% also so the levy rate stayed the same. However, the property-owner will be paying more. The home value went up 25% (\$250,000). So now they are paying \$250 (a \$50 increase = 25%) **The common misconception here is that the homeowner pays more because their value went up. They are actually paying more because the amount to be collected (the District Levy) went up. Just because someone tells you the levy rate is staying the same doesn't mean you aren't going to pay more.**

Example Three

If the Levy went up and Value stayed the same:

District Approved Levy \$125,000

District Assessed Value \$100,000,000

$\$125,000 \div \$100,000,000 = .00125$ (or 1.25 per thousand)

If the budget went up and the home values didn't, the levy rate would go up and the \$200,000 home would pay \$250 (a \$50 increase). The Assessed Value doesn't determine the amount that will be collected – it only determines how that tax obligation is distributed to the property owners in the district. **In this example, you can see value didn't change but taxes still went up 25%.**

Example Four

If Assessed Value went down and the Levy went up:

District Approved Levy \$125,000

District Assessed Value \$75,000,000 (25% decrease in value)

$\$125,000 \div \$75,000,000 = .0016667$ (or \$1.67 per thousand)

The house that was worth \$200,000 is now only worth \$150,000 and the amount they pay would be \$250 (a \$50 increase). **This is because the District Levy determines the amount that will be collected regardless of what the Assessed Value does. When values go up levy rates go down, when values go down, levy rates go up. This is in order to collect the District Levy Amount.** Increases and decreases in Assessed Value do not collect more or less for the district in a budget-based system.

Example Five

If Assessed Value went up and Levy stayed the same:

District Approved Levy \$100,000

District Assessed Value \$125,000,000 (25% increase in value)

$\$100,000 \div \$125,000,000 = .0008$ (or \$0.80 per thousand)

The \$200,000 house would now be worth \$250,000 and they would still pay \$200 (no increase). It is possible for the Assessed Value to go up and the amount collected to stay the same or go down. It all depends on how much is approved to be collected.

	Example One	Example Two	Example Three	Example Four	Example Five
District Budget	\$100,000	\$125,000	\$125,000	\$125,000	\$100,000
District Value	\$100,000,000	\$125,000,000	\$100,000,000	\$75,000,000	\$125,000,000
Levy Rate	\$1	\$1	\$1.25	\$1.67	\$0.80
Home Value	\$200,000	\$250,000	\$200,000	\$150,000	\$250,000
Taxes Due	\$200	\$250	\$250	\$250	\$200

Important Information:

The State School Levies are set by the State. They are not budget-based, the increase is not capped, they are not voter-approved, and they are equalized. This means that the levy rate increases based on our ratio (how closely our assessed values match the actual market value). According to the state law RCW 84.40.030, assessors are required to value all taxable property at 100% of its true and fair market value. The ratio is determined annually by the Department of Revenue analyzing the property sales and the assessed value for each county: $\text{Assessed Value} \div \text{Sale Price} = \text{Ratio}$. If a home has an Assessed Value of \$200,000 and sold for \$250,000, the ratio would be 80%. If the Assessed Value was \$250,000 and the property sold for \$200,000, the ratio would be 125%. Department of Revenue analyzes all of the valid transactions and determines the yearly ratio for each county. Cowlitz County had a 92.7% ratio for 2019, so we are paying \$2.91 per thousand for State Schools. Other counties will have a higher or lower rate based on their ratio. For example a county that has an 86.1% ratio is paying \$3.14 per thousand. Having a lower value on properties in the current market would give us a lower ratio and the State would then increase the rate to collect the same amount they would have if values were higher.

My goal is simple: I want to help everyone understand how the system works and provide you with relevant, useful information. Before people make decisions regarding government funding, it is important to understand how those decisions impact the equation. A vital part of that understanding is recognizing that in a budget-based system, no matter what happens with assessed values, the approved levy amount will be collected.