



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)

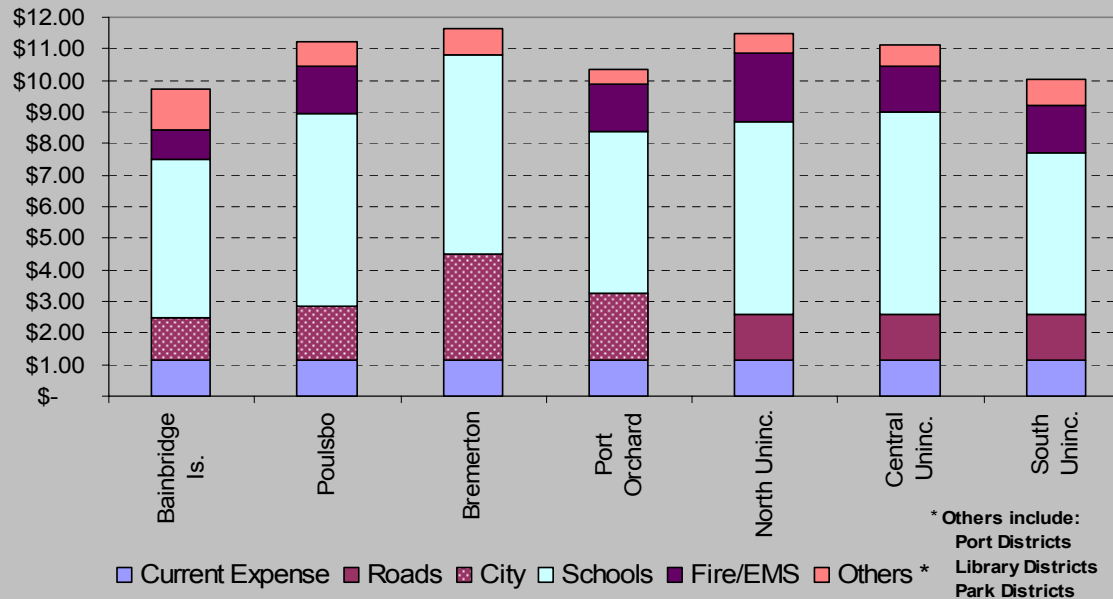
- The actual dollar amount paid by the tax payer

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)

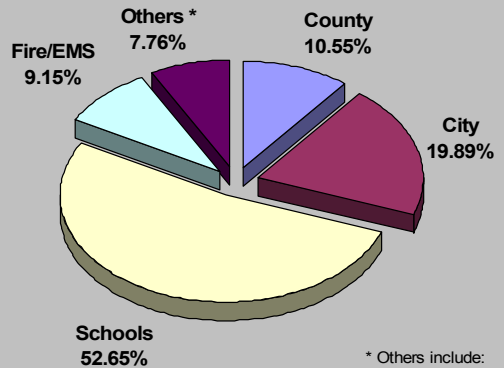
Tax Rates by Area (per \$1,000 Assessed Value)



Property Taxes 101 (Statistics)

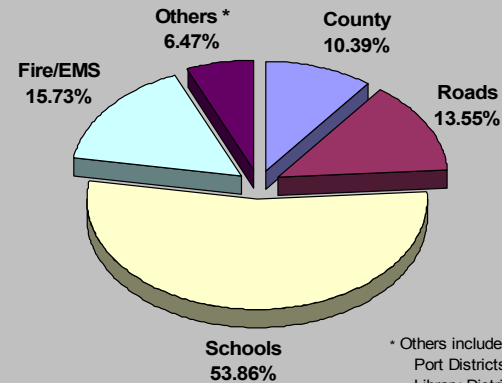
Property Taxes Paid on the Average* Value Home

Incorporated Area (\$10.72)
Taxes on a \$241,303 Home = \$2,587



* Others include:
Port Districts
Library Districts
Park Districts

Unincorporated (\$10.89)
Taxes on a \$229,753 Home = \$2,501



* Others include:
Port Districts
Library Districts
Park Districts

* In this case, average value is the average of the median value for homes in incorporated and unincorporated Kitsap County

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: \$1.13
 - Road Levy: \$1.47
- 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”

Property Taxes 101

- 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 \$11.493044 per \$1,000 of assessed value (NK Uninc)

Tax = \$250,000/\$1,000 X \$11.493044 = 250 X \$11.493044 = \$2,873.26

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Property Taxes on the Median Value home in Various Locations



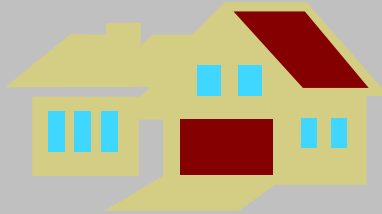
Location	Bainbridge Island
Assessed Value	\$ 443,245
Tax Rate	9.824353
Tax	\$ 4,354.60



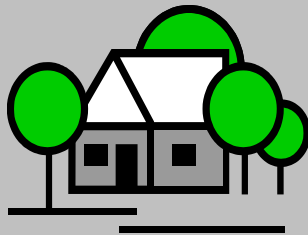
Location	North Kitsap Uninc.
Assessed Value	\$ 259,880
Tax Rate	11.493044
Tax	\$ 2,986.81

Property Taxes 101

Property Taxes on the Median Value home in Various Locations



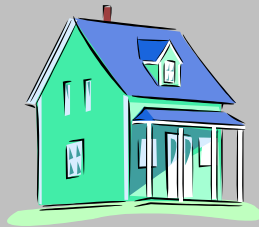
Location	Poulsbo
Assessed Value	\$ 226,580
Tax Rate	11.379718
Tax	\$ 2,578.42



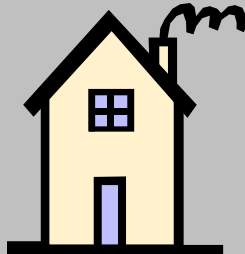
Location	Central Kitsap Uninc.
Assessed Value	\$ 219,300
Tax Rate	11.121719
Tax	\$ 2,438.99

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Property Taxes on the Median Value home in Various Locations

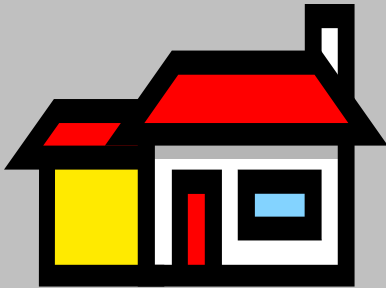


Location	South Kitsap Uninc.
Assessed Value	\$ 210,080
Tax Rate	10.040445
Tax	\$ 2,109.30



Location	Port Orchard
Assessed Value	\$ 152,590
Tax Rate	10.331530
Tax	\$ 1,576.49

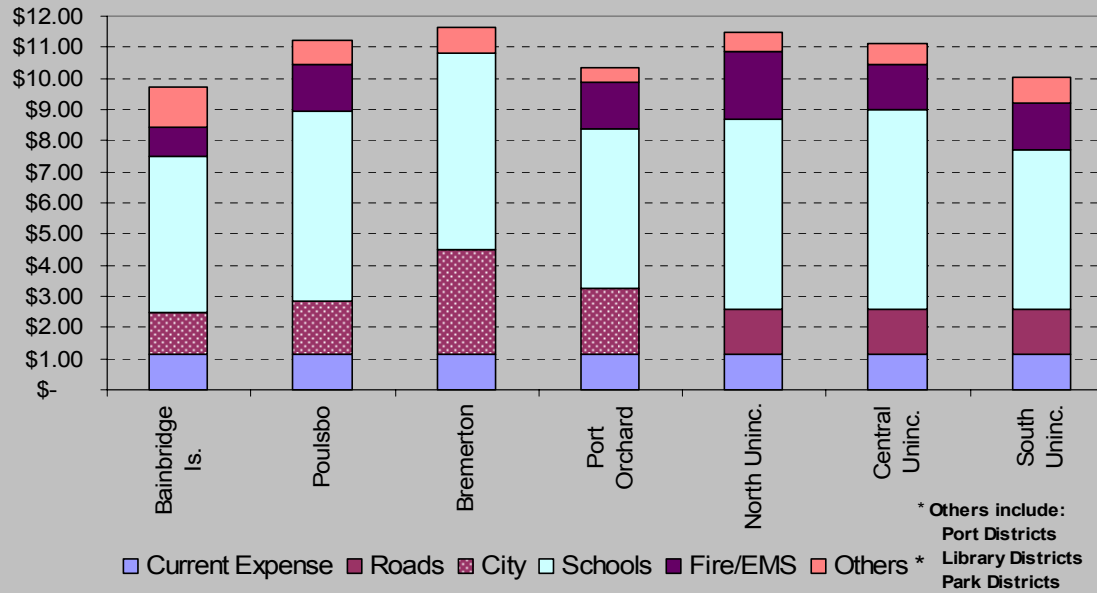
Property Taxes 101



Location	Bremerton
Assessed Value	\$ 142,795
Tax Rate	11.624061
Tax	\$ 1,659.86

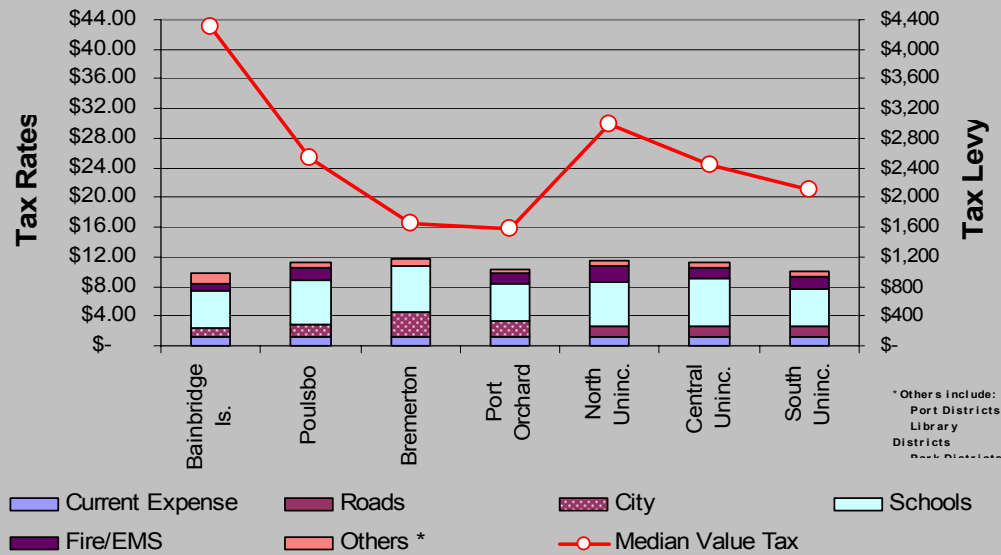
Property Taxes 101 (Statistics)

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



Property Taxes 101

Taxes on a Median Value Home by Area

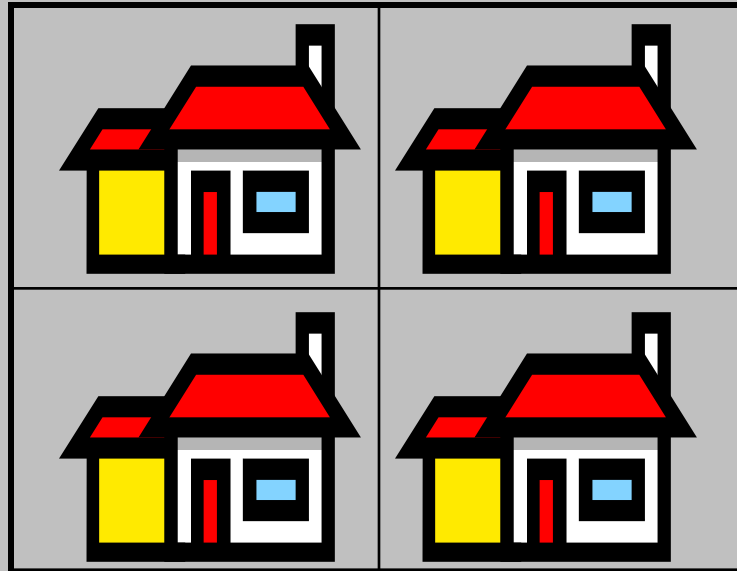


Property Taxes 101

- 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 2006 and watch what happens to them as we progress to tax year 2010

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 2005



Property Taxes 101

Kitsap County Current Expense Taxes

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2006	A	\$ 300,000	1.13108	\$ 339.32
	B	300,000	1.13108	339.32
	C	300,000	1.13108	339.32
	D	300,000	1.13108	339.32
		<u>\$ 1,200,000</u>		<u>\$ 1,357.28</u>

Property Taxes 101

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2006	A	\$ 300,000	1.13108	\$ 339.32
	B	300,000	1.13108	339.32
	C	300,000	1.13108	339.32
	D	300,000	1.13108	339.32
			<hr/>	<hr/>
		\$ 1,200,000		\$ 1,357.28
2007	A	\$ 600,000	?	?
	B	600,000	?	?
	C	600,000	?	?
	D	600,000	?	?
			<hr/>	<hr/>
		\$ 2,400,000		?

Property Taxes 101 (2006-2007)

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2006	A	\$ 300,000	1.13108	\$ 339.32
	B	300,000	1.13108	339.32
	C	300,000	1.13108	339.32
	D	300,000	1.13108	339.32
			<u>\$ 1,200,000</u>	
2007	A	\$ 600,000	0.57120	\$ 342.72
	B	600,000	0.57120	342.72
	C	600,000	0.57120	342.72
	D	600,000	0.57120	342.72
			<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
or \$13.60



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	\$ 600,000	0.57119	\$ 342.72
	B	600,000	0.57119	342.72
	C	600,000	0.57119	342.72
	D	600,000	0.57119	342.72
			<u>\$ 2,400,000</u>	
2008	A	\$ 850,000	0.54426	\$ 462.62
	B	450,000	0.54426	244.92
	C	644,000	0.54426	350.50
	D	600,000	0.54426	326.55
			<u>\$ 2,544,000</u>	

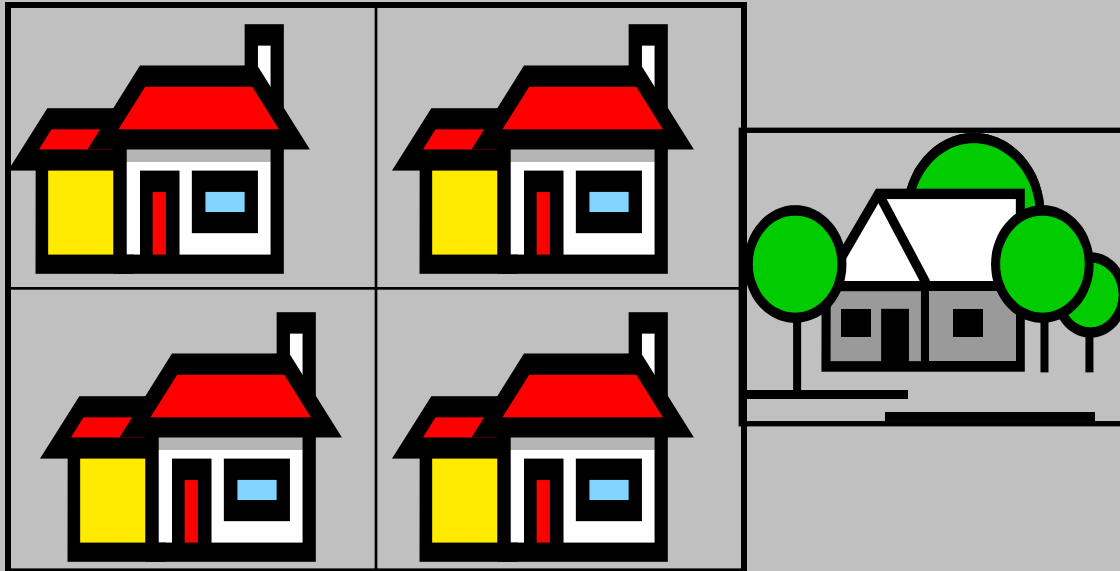
In this case, some property values increased and others decreased but overall, the value went up 6.0%. The 2008 tax rate goes down but there has been a tax shift because some homes have higher values than others.

1.0% Increase or \$13.71



Property Taxes 101 (2008-2009)

In 2008/9 we still have our original four houses but a new house has been added to the mix.



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	\$ 850,000	0.54425	\$ 462.62	
	B	450,000	0.54425	244.92	
	C	644,000	0.54425	350.50	
	D	600,000	0.54425	326.55	
			<u>\$ 2,544,000</u>		<u>\$ 1,384.59</u>
2009	A	\$ 920,000	0.51056	\$ 469.71	
	B	550,000	0.51056	280.81	
	C	644,000	0.51056	328.80	
	D	625,000	0.51056	319.10	
			<u>\$ 2,739,000</u>		<u>\$ 1,398.42</u>
	E	\$ 725,000	0.54425	\$ 394.58	
Total Allowed				\$ 1,793.00	

In this case, some property values increased or stayed the same and we had some "new construction." The 2009 tax rate goes down and there is a tax shift because some homes increased in value more than others.

Still a 1.0% increase is allowed or \$13.83

Property Taxes 101 (2009-2010)

Kitsap County Current Expense Taxes

<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>
2009	A	\$ 920,000	0.51056	\$ 469.71
	B	550,000	0.51056	280.81
	C	644,000	0.51056	328.80
	D	625,000	0.51056	319.10
	E	725,000	0.54425	394.58
			<u>3,464,000</u>	
2010	A	\$ 966,000	0.50221	\$ 485.13
	B	577,500	0.50221	290.02
	C	676,200	0.50221	339.59
	D	656,250	0.50221	329.57
	E	730,000	0.50221	366.61
			<u>\$ 3,605,950</u>	

In this case all property values increased. The 2010 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 a 1.0% increase is allowed



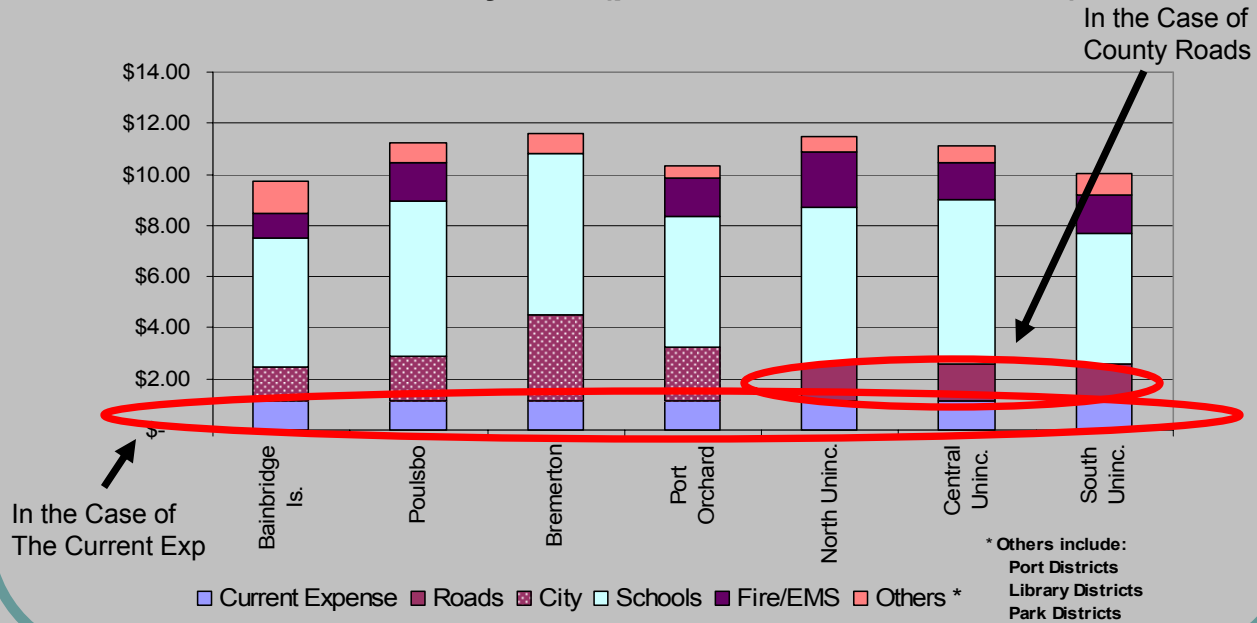
Property Taxes 101

What Happened From 2006 to 2010 (5 Years)

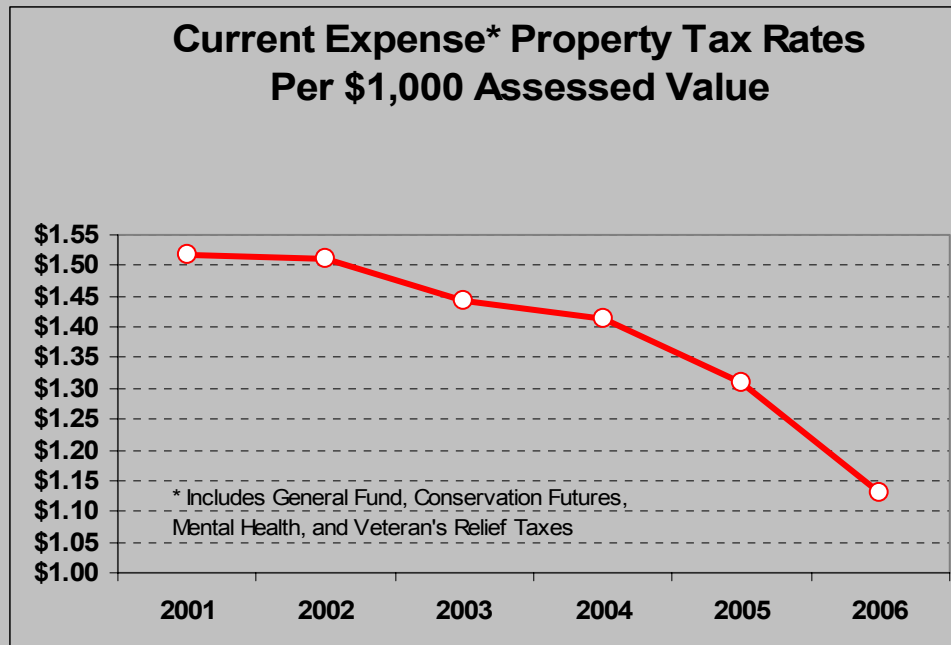
<u>Year</u>	<u>Home</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax</u>		
2006	A	\$ 300,000	1.13108	\$ 339.32		
	B	300,000	1.13108	339.32		
	C	300,000	1.13108	339.32		
	D	300,000	1.13108	339.32		
			<u>\$ 1,200,000</u>		<u>\$ 1,357.29</u>	
2010	A	\$ 966,000	0.50221	\$ 485.13	43.0%	
	B	577,500	0.50221	290.02	-14.5%	
	C	676,200	0.50221	339.59	0.1%	
	D	656,250	0.50221	329.57	-2.9%	
			<u>\$ 2,875,950</u>		<u>\$ 1,444.32</u>	6.4%
	E	\$ 730,000	0.50221	\$ 366.61		
		<u>\$ 3,605,950</u>		<u>\$ 1,810.93</u>		

Property Taxes 101

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



Property Taxes 101



Property Taxes 101

- Assistance for Senior Citizen and Disabled Persons
 - Tax Relief
 - Income up to \$25,000 are exempt from all voted levies and a \$60,000 reduction or 60% reduction in assessed value (whichever is greater)
 - Income from \$25,000 to \$30,000 are exempt from all voted levies and a \$50,000 or 35% reduction in assessed value (nfe \$70,000)
 - Income from \$30,000 to \$35,000 are exempt from voted levies

Property Taxes 101

- Assistance for Senior Citizen and Disabled Persons
 - There is a also a tax deferral program that postpones payment of property taxes. To qualify, your income must be less than \$40,000.
- Contact the County Assessor (Lorie McPhee) at 360-337-4904