
STATE SCHOOL LEVY PROPERTY TAX

Tip Sheet



Property tax is the primary funding source for Washington's public schools. Two types of property tax levies support the state school system: the **state school levy** paid by all Washington property owners for public schools; and **special levies** approved by voters for a specified school district.

Whereas revenues from special levies may only be used for that school district, all funds collected from the state property tax levy are deposited in the state's general fund. This money is distributed to school districts throughout the state on a set formula.

Assessed vs Market Value

The maximum state property tax rate is set in law (RCW 84.52.065) at \$3.60 per \$1,000 of **assessed property value**.

Assessed value is based on the most recent appraisal made by the local county assessor. Some counties revalue property every year. Other counties revalue only every two, three or four years.

Equalizing Property Values

Because property is appraised by county assessors on different cycles, the most recent assessed value does not always reflect **current market value**. However, state law directs that the state property tax be based on the market value of property.

If assessed values alone were used to calculate the state property tax, persons owning property in areas revalued every year would pay more in tax than those appraised less often, since the tax would be based on a more current and usually higher valuation.

To be fair, the Department of Revenue uses a formula to adjust the state school levy rate so that owners of like property pay the same amount of tax, based on market value, regardless of which county their property is in or when it is revalued. The formula is a ratio, which is the difference between the market value and the assessed value. A ratio is formulated for each county in the state to take the different county appraisals cycles into account.

Please see the back page of this fact sheet, which illustrates how this equalizing ratio works to ensure property owners within a county pay no more and no less than is truly due for the state school levy tax.

As an example, let us imagine that Mr. Jones owns a home in Green County, while Ms. Walsh owns a home in Blue County. The homes are identical in every way, except they are located in different counties of the state.

Green County assessed Mr. Jones' home this year at \$99,000. Blue County assessed Ms. Walsh's home three years ago at \$80,000. The market, or "true and fair" value of their houses is \$100,000.

Without an equalized rate, this is how Mr. Jones' and Ms. Walsh's school tax levy would be assessed:

	Market Value	Assessed Value		Statutory Rate		Tax Due
Jones	\$100,000	\$99,000	x	\$3.60 per \$1,000	=	\$356
Walsh	\$100,000	\$80,000	x	\$3.60 per \$1,000	=	\$288

However, to ensure that Mr. Jones does not pay more than his fair share, and that Ms. Walsh does not pay less than hers, the Department of Revenue applies a ratio of the assessed value against the market value to arrive at an equalized rate for properties in each county.

	Market Value	Assessed Value	Equalizing Ratio	Equalizing Rate	Tax Due
Jones	\$100,000	\$99,000 / 99%	(\$3.60 / 99%) =	\$3.63 per \$1,000 =	\$360
Walsh	\$100,000	\$80,000 / 80%	(\$3.60 / 80%) =	\$4.50 per \$1,000 =	\$360

By multiplying the county ratio by the statutory state school levy rate of \$3.60 per \$1,000 of assessed value, an equalized tax bill is achieved for both Mr. Jones and Ms. Walsh.

You may notice your school tax levy rate is more or less than the statutory \$3.60 rate. The rate difference experienced by property owners does not mean one owner is getting a break, or that another owner is over charged. It simply allows for equity in the application of the state school tax levy.

If you have questions or would like more information about the state school levy, contact the Department of Revenue at (360) 570-5900.

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