

WAC 458-19-035 Levy limit—Annexation. (1) **Introduction.** One taxing district may annex territory or another dissimilar taxing district from outside the annexing taxing district's boundary. This rule sets forth the method used to calculate the first regular property tax levy made after a taxing district has annexed territory or a dissimilar taxing district in accordance with RCW 84.55.030 and 84.55.110. This rule also explains what occurs when the department of natural resources (DNR) discontinues forest fire patrol assessments on parcels of forest land.

(2) **Increase in territory due to annexation.** The first regular property tax levy of a taxing district after it annexes territory or a dissimilar taxing district cannot exceed the amount calculated as follows:

(a) Multiply the highest amount of regular property taxes that could have been lawfully levied since 1985 for 1986 collection, of the annexing district as though no annexation had occurred, by the limit factor as defined in RCW 84.55.005 and WAC 458-19-005;

(b) Multiply the regular property tax levy rate of the annexing district for the preceding year by the increase in assessed value in the annexing district resulting from:

(i) New construction;

(ii) Improvements to property;

(iii) Increases in the assessed value of state assessed property;

(iv) Increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under chapter 84.55 RCW for purposes of providing an additional dollar amount. The property may be classified as real or personal property; and

(v) Increases in assessed value of real property, as defined in RCW 39.114.010, within an increment area as designated by any local government in RCW 39.114.020 if the increase is not included elsewhere under RCW 84.55.030. This subsection (2) (b) (v) does not apply to:

(A) Levies by the state;

(B) Levies by a port district for purposes of making required payments of principal and interest on general indebtedness; and

(C) Levies by a public utility district for purposes of making required payments of principal and interest on general indebtedness.

(c) Multiply the current year assessed value of the annexed territory or district by the levy rate that would have been used for the current year by the annexing district had there been no annexation. To calculate the levy rate that would have been used for the current year by the annexing district, divide the regular levy limit of the annexing district by the current assessed value of the annexing district, excluding the annexed area.

(d) Add together the amounts from each calculation in subsection (2) (a), (b), and (c) of this rule to determine the maximum amount of the first regular levy of a taxing district after annexation.

(3) **Example.** Taxing district "A" annexes a portion of taxing district "B" that takes effect before August 1st in 2026. The highest amount of regular property taxes that could have been levied by district "A" since 1985 for 1986 collection is \$100,000. The increase in assessed value from 2025 to 2026 in district "A" due to amounts from subsection (2) (b) (i) through (v) of this rule is \$700,000. The levy rate for district "A" for 2025 was \$0.50 per \$1,000 of assessed value. The 2026 levy rate for district "A," had there been no annexation,

would have been \$0.48 per \$1,000 of assessed value. The 2026 assessed value of the portion of taxing district "B" that was annexed by taxing district "A" is \$5,000,000, which includes amounts from subsection (2)(b)(i) through (v) of this rule. Assume the levy limit for this example is 101 percent because it is the lesser of 101 percent and 100 percent plus the rate of inflation. The first regular levy by taxing district "A" after annexation cannot exceed the amount calculated as follows:

District "A" highest levy since 1985 -	\$100,000
	x 1.01
	\$101,000
A.V. of new construction* in district "A" -	\$700,000
District "A" levy rate for 2025 -	x 0.50
	\$350,000
Divide by \$1,000 -	÷ 1,000
Levy amount for new construction -	\$350
2026 A.V. of annexed portion of district "B" -	\$5,000,000
District "A" levy rate that would have been used in 2026, absent annexation -	x 0.48
	\$2,400,000
Divide by \$1,000 -	÷ 1,000
Levy amount for annexed part of district "B" -	\$2,400
	\$101,000
	350
	+ 2,400
Maximum levy amount for district "A" after annexation -	\$103,750

* For purposes of this example, "new construction" includes amounts from subsection (2)(b)(i) through (v) of this rule.

(4) **Loss of territory due to annexation.** When a taxing district loses a portion of its territory as a result of annexation to another district, the levy limit for the taxing district that loses part of its territory is calculated by multiplying the highest amount that could have been lawfully levied by that taxing district since 1985 for 1986 collection by the limit factor as defined in RCW 84.55.005 and WAC 458-19-005. However, only the increase in assessed value from the preceding year, attributable to amounts from subsection (2)(b)(i) through (v) of this rule that occurred in the remaining territory of the taxing district is added to the amount determined, to calculate the levy limit. Except for voter approval of an excess levy, the levy rate cannot exceed the statutory dollar rate limit for that type of taxing district.

(5) **Forest fire patrol protection assessments discontinued by DNR - Effect.** If an owner of forest land within a forest protection zone neglects or fails to provide adequate fire protection as required by RCW 76.04.600, DNR will provide this protection and impose an annual assessment on each parcel of forest land in accordance with RCW 76.04.610. When DNR discontinues the forest fire patrol assessment by dissolving the forest protection assessment areas and an existing fire district assumes protection services and property tax levying authority for this unimproved land within its existing boundaries, the assessed value of the fire district will increase and effectively be an annexation for property tax purposes. In order to be included in the

assessed value of the fire district, all details of the dissolution and annexation must be completed and the county assessor's office must receive formal notice from the fire district and DNR prior to August 1st of the assessment year. This notice must specify the forest fire patrol assessment areas being dissolved, the fire district(s) assuming the levying and fire protection responsibilities, and the forest land impacted by the change.

[Statutory Authority: RCW 84.08.010, 84.08.070, and 84.55.060. WSR 23-23-067, § 458-19-035, filed 11/9/23, effective 12/10/23. Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.48.200, 84.52.0502, and 84.55.060. WSR 15-03-087, § 458-19-035, filed 1/21/15, effective 2/21/15. Statutory Authority: RCW 84.08.010, 84.08.070, 84.48.080, 84.55.060, 84.52.0502, chapters 84.52 and 84.55 RCW, and RCW 34.05.230(1). WSR 02-24-015, § 458-19-035, filed 11/25/02, effective 12/26/02. Statutory Authority: RCW 84.55.060 and 84.08.070. WSR 94-07-066, § 458-19-035, filed 3/14/94, effective 4/14/94.]