

WAC 458-19-030 Levy limit—Consolidation of districts. (1) **Introduction.** This rule describes the method used to calculate the first levy for a taxing district created by the consolidation of similar taxing districts in accordance with RCW 84.55.020.

(2) **Calculation of the first levy of a consolidated taxing district.** The first regular property tax levy made by a taxing district, created by the consolidation of two or more similar taxing districts, cannot exceed:

(a) The sum of the product of the limit factor multiplied by the highest amount of regular property taxes lawfully levied by each of the component districts during the three most recent years in which taxes were levied; plus

(b) The sum of each of the amounts calculated by multiplying the regular property tax levy rate of each of the component districts for the preceding year by the increase in assessed value in each component district resulting from:

(i) New construction;

(ii) Improvements to property;

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

and

(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.

(3) **Example.** Taxing district "A" and taxing district "B" consolidate, becoming one taxing district. The highest amount of regular property taxes lawfully levied by district "A" during the three most recent years is \$100,000. The highest amount of regular property taxes lawfully levied by district "B" during the three most recent years is \$150,000. The increase in assessed value due to new construction, improvements to property, increases in the assessed value of state assessed property, and increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities in district "A" since the year prior to consolidation was \$600,000. The increase in assessed value due to new construction, improvements to property, increases in the assessed value of state assessed property, and increases in assessed value due to the construction of wind turbine, solar, biomass, and geothermal facilities in district "B" since the year prior to consolidation was \$900,000. The regular property tax rate for district "A" in the year prior to consolidation was \$0.50 per \$1,000 of assessed value. The regular property tax rate for district "B" in the year prior to consolidation was \$0.45 per \$1,000 of assessed value. Assume the limit factor for this example is 101% because it is the lesser of one hundred one percent and one hundred percent plus the rate of inflation. The maximum amount of regular property taxes that can be levied in the year of consolidation, for taxes payable the following year, by the new consolidated taxing district is calculated as follows:

Highest regular levy	
District "A" -	\$100,000
District "B" -	150,000
Total -	<u>\$250,000</u> x 1.01 = \$252,500
Increases in assessed value multiplied by levy rate:	
District "A" - \$600,000 x \$0.50 ÷ \$1,000	= \$300

