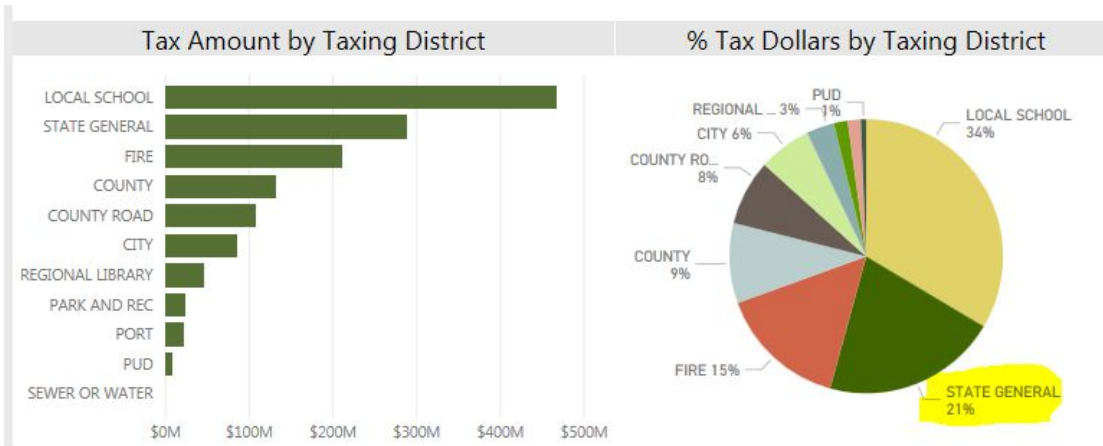




The Washington State Association of County Treasurers (WSACT) has been asked to get to “Yes” on a re-levy of 2018 taxes. We truly struggle to do so, because we believe that it will undermine and discredit a taxation structure that has been in place since statehood.

As County Treasurers, we collect and distribute property taxes for millions of properties with hundreds of districts and taxing codes. In order to levy taxes, the Assessors temporarily “freeze” processing of exemptions, boundary line adjustments, segregations, etc. Once they’ve levied taxes, they resume processing those transactions and tax supplements and cancellations begin. Once the tax rolls are certified, the Treasurers begin receiving taxes, including taxes related to sales transactions which title companies prorate between buyer and seller. The districts rely on regular cash flow to pay their expenses and debt.

As you can see in Kitsap County’s pie chart of taxes collected, 21% of the taxes collected go to the state levy (\$3.03 for Kitsap).



The proposed levy adjustment represents less than 3% of the taxes, and for an average home value of \$300,000 will result in an adjustment of about \$100 for the year. Is this worth discrediting a tax system and spending what will probably top \$10 Million in taxpayers’ money?

The differing accounting systems of the 39 counties are designed to collect and distribute taxes based on the levy codes of the properties, and they are designed to prevent fraud. They ARE NOT designed to separately distribute payments outside of the levy allocation, nor should they be. Modifying our systems on such short notice would compromise the financial security and integrity of our collection systems.

Any bill that seeks to change the payment due date, waive interest on the state portion, or provide a different payment date undermines our entire property tax system to the point that we can’t support it. We are truly concerned with the safety of our taxpayers’ money and the financial stability of ALL districts we serve.

On a final note, legislators have been suggesting that those taxpayers who’ve already paid their taxes wouldn’t get a refund. Doing this would effectively NOT reduce taxes on some properties that are part of a same class of properties (all real property is one class except where specifically exempted), which is a violation of the uniformity clause in Article VII, Section 1 of the State Constitution. “All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only.” Additionally, Treasurers will continue to receive

payments between law enactment and implementation. Those who pay in the interim need to be treated equally.

Getting To Yes

If the legislators insist on “getting to yes”, it is important that they understand the consequence of yes.

Options and Consequences:

- Re-levy 2018
 - This would involve the expense of modifying computer systems, staff time to test and implement modifications, mailing of statements and processing refunds
 - Our software, printing and mailing vendors may not be able to accommodate the timeline, and costs will likely be higher due to the compressed timeframe.
 - Many taxpayers will be infuriated with the waste of government resources for a small decrease this year.
 - It is very likely that some counties would be unable to comply in time, because their systems couldn't be modified safely.
 - Mortgage companies used by about 40% of taxpayers will increase property tax escrow amounts based on the taxes already billed. They are unlikely to make mid-year adjustments due to property tax roll back by 1 of the 50 states they serve.
- Issue coupons
 - Coupons wouldn't be usable by the estimated 40% of the population who pay through their mortgage companies. Their payments are going to increase this year no matter what the legislature does now.
 - King County's system only tracks who is going to pay the bill, not who owns the property. Most systems don't record who actually paid the tax, only that it was paid. Who will the DOR issue the coupon to?
 - Taxpayers who've already paid their taxes in full would be treated differently, which is unconstitutional. This also disproportionately impacts seniors not subject to the exemption, who are the bulk of those who pay their taxes in full
 - Any properties that have a change in valuation or exemption will either not receive a coupon or have a coupon for a tax that is no longer due.
 - Will be confusing to taxpayers
- (our Yes) Adjust the levy for 2019 and beyond, and switch to a BUDGET BASED system
 - Taxpayers react when their property taxes increase. They've already gotten the news this year via their property tax statements.
 - With a rate based system, state taxes will continue to increase as property values increase, which is different than all the other property taxes in our state. When property values begin to decrease, the state will experience a shortfall.
 - With a BUDGET based system, property taxes remain stable even with fluctuations in value.
 - This saves the taxpayers the expense and confusion associated with a tax reduction in 2018