

## **THE TRUTH ABOUT CLYDE HILL PROPERTY TAXES**

The City of Clyde Hill's 2002 budget incorporates a 1% property tax increase in the base property tax amount, which is well below the rate of inflation and which is in line with voter approved I-747. Recent newspaper articles reported that Clyde Hill taxes are expected to increase on an average home by 9.3%...could both be correct? Yes, the total property tax bill on an average home may increase 9.3% BUT NOT your property tax paid to the City of Clyde Hill.

### **• How much of the total property tax bill goes to the City?**

Only 9.8% of your total property tax bill goes to the City to pay for Clyde Hill services (police protection, fire and emergency medical protection, building, streets, storm sewers...). Most of your property tax bill goes to pay for services outside of Clyde Hill and over which the City has no control or say. By far the largest amount of your property taxes, about 62%, goes to support schools and 23% to King County and the King County Library. The accompanying pie chart (Graph #1) shows all the specific components of an average property tax bill for someone living in Clyde Hill.

### **• If the City only increased property taxes by 1% why did my tax bill increase by more than that?**

Your property taxes are increasing because of other taxing agencies outside of the City's control and/or because of changes in your property's assessed value. The accompanying information (Table #1) shows that for an "average home" in Clyde Hill, the State School Levy increases by \$229, Bellevue School District increases by \$116, King County increases by \$93, the Library increases by \$33, the EMS levy by \$21, the Port of Seattle by \$21 and then finally the City of Clyde Hill by only \$21. The total property tax bill goes up by \$544 or 9.3%, but the City's portion of that total increases by only \$21. In 2002, 96% of the property tax increase is attributable to taxing agencies other than Clyde Hill. The combination of increases from other taxing agencies and increases in assessed value is why the average home's total property tax bill has gone up by 9.3%. Tax revenue beyond the additional \$21 does not come to the City.

### **• My home's assessed value just skyrocketed!**

The King County Assessor's office is in charge of determining each of our property's assessed value; the City of Clyde Hill has no control or say in this process. A higher assessed value is good because it means the market value of your home and property has increased and is more valuable to you. It's unpleasant because property taxes are based on assessed value, so as assessed value increases so does one's tax responsibility. For more information about the assessment process look at [www.metrokc.gov/assessor](http://www.metrokc.gov/assessor)

### **• My home's assessed value increased and I'm now paying a lot more to the City, what does Clyde Hill do with this new money?**

You are not paying a lot more to the City. In 2002, the City will receive about \$6,700 in new property tax revenue from its base property tax amount, divided among the 1,100 homes in Clyde Hill.

Everyone's assessment does not change in the same way. Some people's assessments go down, are unchanged or modestly increase. As the value of a home increases, the homeowner ends up paying a higher proportion of the total property tax amount collected. Clyde Hill's total assessed value for all property in the city increased by 16.9% from last year. This is an increase in the City's tax base, not in the amount of money collected by the City. The King County Assessor, not the City of Clyde Hill, sets the assessed value for each home.

It is important to point out that an increase in assessed value does not result in any “windfall” or new revenue for the City. If a home’s assessed value increases, it means that home is paying a higher individual proportion of the total tax amount collected, not that the taxing agency is getting any additional money from its overall tax base.

When looking at the overall tax base of a taxing agency, some assessed values increase, some stay the same and others even decrease in value. This means that some may be paying more property tax than before, some the same and others less. But it is important to emphasize that although the total tax base of the City increased 16.9%, the actual property tax collected by the City will increase only 1% in the base property tax amount. Unfortunately, an increase in the Clyde Hill total tax base means that Clyde Hill citizens are now paying an ever increasing percentage of other taxing agencies property taxes over which the City has no control or say.

**• What are the property tax facts for the City of Clyde Hill?**

As we have said, the 2002 City budget incorporates only a 1% property tax increase in the base property tax amount. The City Council elected not to ask for any additional “banked capacity” in property taxes it had available by law. An average home assessed at \$658,000 last year and \$769,000 this year (a 16.9% increase in assessed value), will pay \$21 more in taxes to the City. A home assessed at \$658,000 both last and this year will have a \$69 reduction in the amount of property taxes paid to the City from that paid last year.

**• How does the City property tax get set?**

In the fall the Mayor, Council and the Budget Advisory Committee review information from the County that shows the updated total City assessed value. The Council decides on a specific budget and requests an amount of property tax revenue to help pay for the services in that budget. The City relies on property tax revenue to account for about one-third of its total operating budget. The tax rate is set by dividing the amount of property tax requested by the City’s total assessed value ( $\$692,840 \div \$854,273,666 = \$0.81103$ ). Because the amount requested and the total assessed value change every year, the tax rate is also different every year.

In 2002, the property tax rate for city services will only be \$0.811 per \$1,000 of assessed value. When compared to the other 38 cities and towns in King County, only 3 other cities can boast of a lower property tax rate than your City. Compare our rate to the City of Seattle’s property tax rate of \$3.323 per \$1,000 of assessed value or the City of Medina’s property tax rate of \$1.102. When all taxing agency rates are added together, an average Clyde Hill home’s total property tax rate is \$8.285 per \$1,000 of assessed value, but again, only \$0.811 relates to the City of Clyde Hill, which is only 9.8% of your total property tax bill.

**• THE BOTTOM LINE**

- The City of Clyde Hill’s property tax for 2002 increases only 1% in the base property tax amount.
- 91.2% of the total property tax bill for an average home in the City of Clyde Hill is paid to other taxing agencies over which your City has no control or say.
- 96% of an average home’s property tax increase went to taxing agencies other than the City of Clyde Hill.
- A 16.9% increase in Clyde Hill’s total assessed value means that Clyde Hill citizens are now paying an increased percentage of the total property tax amount collected by other taxing agencies over which the City of Clyde Hill has no control or say.