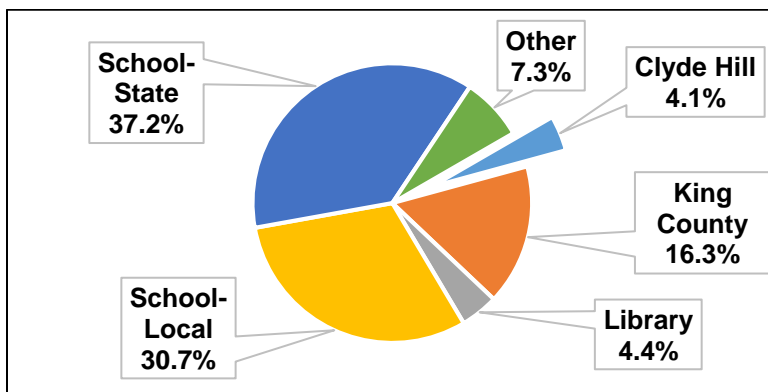


# PROPERTY TAXES

In order to help explain your property tax bill as it relates to your City, Clyde Hill issued a brief informational piece in its bi-monthly newsletter. The information in the newsletter has been supplemented with the information below in order to provide additional insight.

## **What Is In My Property Tax Bill?**

Property tax bills are composed of different governmental entities charging you amounts relative to each entity's own property tax rate. In Clyde Hill, only ~4.1% of your 2020 property tax bill went to your City. The rest went to other entities such as schools (~67.9%) and the King County Library (~4.4%). These are amounts which Clyde Hill has no control or say over.



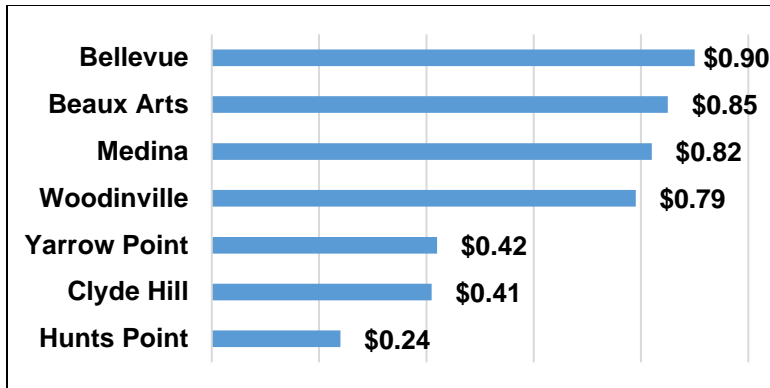
*Distribution of property tax bill in Clyde Hill in 2020.*

To find out more about your property tax bill, [please click here](#).

## **What's Happening?**

In 2021, Clyde Hill will be increasing its property tax rate for the first time since 2015. The effect of this increase on the average Clyde Hill household is estimated to be ~\$200/year. This means that the amount you pay in property taxes to Clyde Hill will generally increase depending on how much your property is worth. The more your property is worth in relation to the average home value in Clyde Hill (estimated to be ~\$2.7M in 2021), the more you will pay. The opposite holds true. For example, a home worth ~\$5.4M can expect to pay an additional \$400/year while a home worth ~\$1.35M can expect to pay an additional \$100/year.

What is the result of Clyde Hill's property tax increase in relation to other communities? In 2020, your City had the second lowest property tax rate in King County, a rate that was about half of Medina's. Neither of these two points are expected to change after Clyde Hill's property tax increase in 2021.



*The seven lowest property tax rates (per \$1,000 of assessed valuation) in King County in 2020. Note: Clyde Hill's rates adjusted to new 2021 tax rate – Clyde Hill's 2020 rate was \$0.34.*

This is possible because Clyde Hill has not raised your property tax rate since 2015. Many cities make it a standard practice to raise their property taxes every year. Clyde Hill has been able to avoid doing this for the past half-decade by utilizing other means, thereby passing on those permanent savings to you, the residents.

### **Why Is This Happening?**

For several years, many cities in the region have been hit hard by inflation as well as decreased use of utilities, including Clyde Hill. Since its last property tax rate increase in 2015, Clyde Hill has been working carefully to hedge against the impacts of these unfavorable trends while continuing to deal with unfunded mandates issued by the State and Federal governments. Most cities have turned to yearly property tax rate increases. Clyde Hill, on the other hand, has been able to avoid this and, instead, has focused on trying to balance its budget using other methods in an effort to minimize property tax rate increases to you.

Since 2019 and prior to the COVID-19 pandemic, Clyde Hill has been experiencing a structural imbalance in its finances. Costs have exceeded sources of revenue. This trend is expected to continue through 2021... and this deficit is expected to grow. This is not the result of new programs or major increases in existing programs. This is the result of an increase in costs primarily driven by inflation. It is also the result of a decrease in revenue primarily driven by decreased use of utilities as well as other factors (e.g. near-total loss of investment income). The purpose of this property tax rate increase is to help resolve, not cure, this deficit and it is to help Clyde Hill to continue to provide the same level of essential services that you, the residents, receive today.

### **What Will Happen Next?**

Council, Clyde Hill's Budget Advisory Committee (residents who volunteer to assist in the budget process every year), and City Staff have always and will continue to strive to find new ways to cut costs through finding efficiencies (e.g. using interlocal agreements instead of having independent contracts which tend to generate savings) without decreasing the service levels that residents have come to expect. This group of individuals will also continue to focus on looking for new revenue streams such as grants (e.g. City Staff were able to acquire ~\$42K in COVID-19 grant money in 2020).

While your elected officials and the people that they appoint and hire continue this exploration, they will also be monitoring all sources of revenues and expenditures. When opportunities to decrease the deficit arise, these opportunities will be considered with due diligence and used if they are determined to be appropriate. Monthly reporting to all those charged with the proper financial stewardship of your Clyde Hill taxes will continue. Most importantly and as is the case every year, a five to six month-long process to develop next year's budget will be undertaken during which everything will be reviewed and taken into consideration.

**Where Can I Get More Information?**

If you would like to learn more about your property tax bill, please visit the [King County Assessor's Tax Transparency Tool](#).