

P.O. Box 47471  
Olympia, WA 98504-7471

# Washington Department of Revenue Property Tax Division

## 2024 Tax Year Snohomish County Levy Audit A Summary Report



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# Overview

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## Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Snohomish County Assessor (Assessor) in their processes and procedures to ensure compliance with state statutes and regulations.

## Method of Calculation

The Department calculated the levy limitations and levy rate for several of the taxing districts for the 2024 tax year. To determine whether an error occurred, the Department compared the amount levied for the district with the lesser of the levy limit, the statutory rate limit, the amount authorized by each district's resolution, and the levy amount certified by the district.

## Information Reviewed

The Department used the following information during the review:

- Resolutions/ordinances adopted by the districts.
- Levy certification from the county legislative authority (RCW 84.52.070).
- Tax roll certification to the county treasurer and abstract of the tax roll to the county auditor.
- Ballot measures.
- Levy limit worksheets.
- \$5.90 aggregate and 1 percent constitutional limits.

We do not review every taxing district's levy. We audited approximately 40 percent of the taxing districts. The scope of the audit did not include the review of earmarked funds.

## Taxing Districts Selected

The Department reviewed the following taxing district levies:

- City/towns: Bothell, Brier, Granite Falls, Mill Creek, Mukilteo, Index, and Lynnwood.
- Fire Districts: No. 5, No. 15, No. 16, No. 19, No. 22, No. 26, and Snohomish RFA Rescue.
- Hospital Districts: No. 1 and No. 3.
- School Districts: Marysville No. 25, Edmonds No. 15, Index No. 63, North Shore No. 417, and Sultan No. 311.
- King County Rural Library.
- Everette Port.
- North Shore Park and Recreation.
- Central Puget Sound Regional Transit Authority.

# Executive Summary

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## Introduction

The primary purpose of a levy audit by the Department is to assist the county assessor in successfully performing the duties associated with levying property taxes for the districts within the county.

An effective audit of levy calculations consists of gathering information from the assessor's office to determine the level of compliance with laws and rules, the accuracy of levy calculations, and the effectiveness of record keeping.

## Categories of Results

The Department has completed its review and grouped the results into two categories:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the assessor. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the assessor. The Department believes the assessor could improve their performance and service to the public by making voluntary changes in procedures.

The Department bases requirements and recommendations in our reports on our review of the administrative procedures employed, existing state statutes and regulations, and areas we saw opportunities to improve processes, procedures, and communication.

## Results

The Department identified one requirement and no recommendations directed toward improving the accuracy of the levy process.

We have listed a summary of the requirement in the Requirement section.

## Executive Summary, continued

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### Requirement

1. The Assessor is required to calculate the Timber assessed value (TAV) to use in the calculation of excess levy rates. The calculation is based upon taxes levied, acreage, and assessed value of property in the Designated Forest Land Program (DFL) from the prior tax year, and the estimated public acreage value available for timber harvesting.

## Requirement – Timber assessed value

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### Requirement

The Assessor is required to calculate the Timber assessed value (TAV) in the calculation of excess levy rates. The calculation is based upon taxes levied, acreage, and assessed value of property in the Designated Forest Land Program (DFL) from the prior tax year, and the estimated public acreage value available for timber harvesting.

### What the law says

Assessors must provide the Department with the composite property tax rate based on the prior year's taxes due on the assessed value of property in DFL. The composite tax rate is used by the Department to determine each county's TAV. The assessor must determine the average value per acre of DFL and apply that rate to the number of acres of public forestland to determine the estimated value of public forestland and finally determine the TAV per taxing district (chapter 84.33 RCW).

### What we found

The Assessor correctly calculated the composite tax rate using data from the 2022 assessment year/2023 tax year. When the Assessor calculated the average assessed value per acre of private designated forestland, they used the acreage amount from the 2023 assessment year/2024 tax year instead of using the acreage amount from the 2022 assessment year/2023 tax year.

This error resulted in an incorrect TAV for each taxing district. The error did not result in an incorrect amount of total tax levied for excess levies. However, it did result in individual taxpayers paying an incorrect amount of property tax based on an incorrect levy rate and incorrect distribution of timber excise tax to the taxing districts.

### Action needed to meet requirement

The Assessor is required to take the following action:

- Use the 2023 assessment year/2024 tax year DFL information when calculating both the composite tax rate and average value per acre for the district TAV for the 2025 tax year.

### Why it's important

The total taxable value for excess levies, including TAV, must be calculated correctly to ensure the correct levy rate is levied. This ensures taxpayers pay the correct amount of property tax and taxing districts receive the correct amount of timber excise tax when timber is harvested.

## Next Steps

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### Follow-up

The Department is committed to the success of the Assessor by ensuring the levies comply with state statutes and regulations.

The Department will conduct a follow-up review in December 2024. This will give the Assessor an opportunity to implement the required change and to provide information to the Department about any issues they encountered during the implementation process.

### Questions

General levy information is available in the Department's [Property Tax Levies Operating Manual](#) on our website.

For questions about the requirement in our report, please contact us at:

Washington State Department of Revenue  
Property Tax Division  
PO Box 47471  
Olympia, WA 98504-7471  
(360) 534-1400  
[dor.wa.gov](http://dor.wa.gov)