

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

Washington Department of Revenue Property Tax Division

2022 Stevens County Levy Audit A Summary Report



Table of Contents

Overview	3
Executive Summary	4
Requirement 1 – Upper Columbia Pool District	6
Next Steps	8

Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Stevens 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 2022 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:

- Cities/Towns: Chewelah, Colville
- Fire Districts: #2 Hunters/Fruitland, #6 Kettle Falls, #7 Arden, #9 Narcisse/Pend Oreille Lakes, #12 Hunters/Rice/Gifford
- Library Districts: Library
- School Districts: #36 Chewelah, #70 Valley, #115 Colville, #202 Summit Valley, #211 Northport
- Other type of district: Parks and Recreation Upper Columbia Pool

Executive Summary

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 directed toward improving the accuracy of the levy process.

We have listed a summary of these items in the Requirement section.

Executive Summary, continued

Requirement

1. Upper Columbia Pool District –

The Assessor is required to levy the lesser of the levy limitations using the certified levy request amount from the county legislative authority as one of those limitations.

Requirement 1 – Upper Columbia Pool District

Requirement

The Assessor is required to levy the lesser of the levy limitations using the certified levy request amount from the county legislative authority as one of those limitations.

What the law says

Parks and recreation districts are authorized to have a one-year voter-approved excess levy. The ballot proposition must state the dollar amount to be levied and an estimated levy rate to generate the levy amount. (RCW 84.52.052 and RCW 84.52.054)

Park and recreation districts are authorized to have a regular levy, up to four years, with voter approval. The ballot proposition must state the number of years the levy will be made and the maximum levy rate for those years. (RCW 36.69.142 and RCW 29A.36.210(1))

Only school and fire districts can authorize an excess levy beyond one year, up to four years. (Article 7 Section 2 Washington State Constitution)

If the taxing district in which a levy error has occurred does not levy property taxes in the year the error is discovered, or for a period of more than three years subsequent to the year the error was discovered, an adjustment shall not be made. (RCW 84.52.085)

What we found

The taxing district adopted Resolution 2021-1 asking the voters to approve a *four-year excess levy* with a levy rate of \$.23 per \$1,000 of assessed value (AV). However, the ballot title references a maintenance and operations levy for \$25,000 with the rate of \$.23. In November 2021, the voters approved the proposition. Park and recreation districts do not have statutory authority to levy a four-year excess levy. The ballot title includes a specific levy amount as required for an excess levy.

In November 2021, the taxing district certified a levy request amount of \$39,500, for a regular levy, to the Stevens County Board of County Commissioners. On December 6, 2021, the Stevens County Board of County Commissioners certified this levy request to the Assessor, also as a regular levy.

The Assessor applied the voter-approved levy rate of \$.23 to the district's *regular* levy taxable value of \$115,214,853, resulting in a levy amount of \$26,499.42.

It remains unclear to the Department if the district intended to levy an excess or regular property tax levy. Prior to finalizing this audit, the Department reached out to the Assessor for additional clarification as to the district's intent. The Assessor was unable to reach the district for further explanation.

As stated in Case Washington State v. Wiley, supra, at p. 647:

The duties of respondent in relation to the matters in question are ministerial, and, if the facts upon which he is to act were properly certified to him from a tribunal with jurisdiction in the premises, that order constitutes his warrant and he is bound to proceed under it. His only concern is to know whether 'his warrant proceeds from competent authority,' and, if so, fulfill it as he is commanded.

In this case, the Assessor determined the levy amount based on the properly certified document from the Stevens County Legislative Authority as a regular levy, using the reference to a levy rate of \$0.23 as the statutory maximum rate limit for a regular levy.

If the district continues to request a property tax levy based on the November 2021 voter approved levy, the Assessor must levy what has been properly certified to him as referenced in Washington State v. Wiley. While there is no legal prohibition against the Assessor advising the taxing district there is a likelihood the levy is unconstitutional, it would take a legal challenge by a resident of the taxing district to officially determine the constitutionality of the levy. The Department believes its duty is to point out this problem even though it cannot summarily correct them.

Action needed to meet requirement

The Assessor is required to take the following action:

- The Assessor is required to levy the lesser of the levy limitations using the certified levy request amount from the county legislative authority as one of those limitations.

Why it's important

There are some necessities when a taxing district asks the voters to approve a property tax levy. The supporting documentation for the levy, the ordinance or resolution authorizing the property tax levy question to go before the voters, the ballot title language the voters see when they cast their votes, and certified levy requests must support one another for a transparent property tax levy. Otherwise, the taxing district may not be able to levy the amount intended and the taxpayers may be subject to a property tax that they did not fully understand.

Next Steps

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 2023. This will give the Assessor an opportunity to implement the required changes, recommended changes, 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](#), available on our website.

For questions about specific requirements or recommendations in our report, please contact the Property Tax Division at (360) 534-1400.

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