

Authorized Levy Rates for Flood Control

Under RCW 86.15.160 (3), a Flood Control Zone District may levy a countywide property tax up to \$0.50 per \$1,000 assessed value when the levy will not take dollar rates that other taxing districts may lawfully claim and that will not cause the combined levies to exceed the constitutional and/or statutory limitations.

Under RCW 86.15.080 (1) the zone may “exercise all the powers vested in a county for flood water or storm water control purposes under the provisions of chapters 86.12,...”. RCW 82.12 authorizes county commissioners to annually levy a countywide property tax up to \$0.25 per \$1,000 assessed value for a “River Improvement Fund”, under which must include a “flood control maintenance account”.

Combined, these two sources may levy up to \$0.75 per \$1,000 assessed value countywide toward the cost of flood control. Table 2 identifies the missed opportunities for generating local revenue since Mr. Brookings urging in 2007.

The first column reflects the rate of \$0.10 per \$1,000 assessed value levied by King County immediately following their 2007 establishment of a Flood Control Zone District. In two years, King County has generated more than \$76 million toward flood control. The second column represents revenue potential with the existing River Improvement Fund maximum levy rate of \$0.25 per \$1,000 assessed value. The third column represents revenue potential with the existing countywide Flood Control Zone District maximum levy rate of \$0.50 per \$1,000 assessed value. The fourth column represents revenue potential with the combined two existing opportunities (River Improvement Fund and Flood Control Zone District).

Table 2: Missed Opportunity for Revenue Generation

	Levy \$0.10 per \$1,000	Levy \$0.25 per \$1,000	Levy \$0.50 per \$1,000	2 Levies = \$0.75 per \$1,000
2009 Total Assessed Value	\$16,868,200,169	\$16,868,200,169	\$16,868,200,169	\$16,868,200,169
2009 Revenue Potential	\$1,686,820	\$4,217,050	\$8,434,100	\$12,651,150
2008 Total Assessed Value	\$16,166,682,507	\$16,166,682,507	\$16,166,682,507	\$16,166,682,507
2008 Revenue Potential	\$1,616,668	\$4,041,671	\$8,083,341	\$12,125,012
2-Year Missed Opportunity	\$3,303,488	\$8,258,721	\$16,517,441	\$24,776,162

As Table 2 illustrates, county government chooses to forsake millions of dollars in annual revenue dedicated for flood control purposes. Instead, the county road fund is paying millions of dollars for flood-related costs, rather than providing the public services it is intended for.

Table 3 offers examples of what these various tax rates would cost individual property owners each year. For example, assuming the rate currently levied in King County (\$0.10 per \$1,000), property owners in Skagit County on average would contribute about \$24 per year or \$2 per month toward the cost of flood control. This example represents the cost equivalent of one bag of potato chips each month or a container of ice cream (on sale). Assuming the maximum rate for both levies (\$0.75 per \$1,000), this same population would contribute about \$180 per year or \$15 per month toward the cost of flood control. This example represents the cost equivalent of one new music CD, used DVD movie, or three grande-size mochas each month. For lower income residents, such as in Hamilton, this cost equivalent is much lower, between \$0.68 and \$5.08 per month. These examples beg the question...is flood control worth paying this amount?

Table 3: Flood Control Zone District Property Tax Impact

Median Assessed Residential Property Value	Levy \$0.10 per \$1,000	Levy \$0.25 per \$1,000	Levy \$0.50 per \$1,000	2 Levies = \$0.75 per \$1,000
Skagit County - \$240,000				
Annual Tax	\$24.00	\$60.00	\$120.00	\$180.00
Monthly Cost	\$2.00	\$5.00	\$10.00	\$15.00
Hamilton Floodway - \$81,212				
Annual Tax	\$8.12	\$20.30	\$40.61	\$60.91
Monthly Cost	\$0.68	\$1.69	\$3.38	\$5.08

Impact on the \$5.90 Total Levy Limit

Regular levies, such as these, each have a maximum rate authorized by state law that may not be exceeded without voter approval. In addition, the combined rate for local regular levies cannot exceed \$5.90 per \$1,000 assessed value. If this \$5.90 limit is exceeded, levy rates are prorated or eliminated using a predetermined schedule (RCW 84.52.010(2)(a)). In Skagit County, only Park and Recreation District levies would be affected before the Flood Control Zone District itself is prorated or eliminated.

The 2009 levy check performed by the Skagit County Assessor’s Office reports that no taxing district is approaching the \$5.90 cap. The Town of Concrete is the closest of all taxing districts, with a total 2009 levy rate of \$3.894 per \$1,000 for applicable taxing districts; which is \$2.00 shy of the \$5.90 maximum. As such, the maximum rate for both the Flood Control Zone District and the River Improvement Fund could be levied without threatening any other existing taxing district levy.

Impact on the 1% Constitutional Limit

Most regular levies also have a Constitutional limit on the amount of combined property tax that may be imposed on an individual parcel of property to 1% of the property’s true and fair value. This limit equates to \$10 per \$1,000 true and fair assessed value. Diann Locke, levy specialist with the Washington State Department of Revenue, reports that no county in the state is approaching this 1% Constitutional limit. The 2009 levy check performed by the Skagit County Assessor’s Office reports that no taxing district is approaching this 1% threshold. Again, the Town of Concrete is the closest of all taxing districts, with a total 2009 levy of \$6.1264 per \$1,000; which is \$3.8936 shy of the \$10 threshold.

Conclusion

Floods impact all Skagitonians; as a direct threat to safety and property for some, and as economic and social costs indirectly paid by all. The tab for flood-related costs countywide continues to accrue and the best laid plans for flood control will never be realized without the aid of dedicated sources of local revenue.

The time is long overdue for Skagitonians to assume greater responsibility for the cost of flood control. The time is long overdue for county leaders to make the maximum use of revenue generating opportunities available right now and dedicated for this purpose.

Source: 5/20/2009 [Local Revenue Generation for Flood Control, www.skagitriverhistory.com](http://www.skagitriverhistory.com); Memorandum from Mayor Tim Bates to Skagit Council of Governments, authored by Lauren Tracey, Hamilton PDA

County Plan A

Raise Property Taxes

100 yr. flood

Skagit County				
Conceptual Flood Control Measures with Conceptual Cost Estimates				
Conceptual Measures	Construction Costs	Assessed Value	Total Project Cost	Local Match 25% of Total
1 Sedro Woolley Water Treatment Plant	\$ 1,278,259	\$ 95,800	\$ 1,374,059	\$ 343,515
2 Clear Lake Levee Alignment	5,979,341	1,709,700	7,689,041	1,922,260
3 SR-9 to BNSF Right Bank Levee Alignment	17,011,871	9,023,500	26,035,371	6,508,843
4 Multi-Bridge Corridor Right Bank Alignment	18,888,198	23,774,500	21,362,698	5,340,675
5 Multi-Bridge Corridor Left Bank Alignment	7,205,415	29,895,500	37,100,915	9,275,229
6 Anacortes Water Treatment Plant	1,480,893	-	1,480,893	370,173
7 Riverbend Cut-off Levee Alignment	8,365,572	8,334,900	16,700,472	4,175,118
8a Diversion segment 1 - Riverbend	5,491,382	5,263,500	10,774,882	2,693,721
8b Diversion segment 2 - Mount Vernon	8,365,572	5,903,300	14,268,872	3,567,218
8c Diversion segment 3 - Fir Island	11,443,241	2,995,700	14,428,941	3,607,235
Diversion Measure sub-total	\$ 25,300,196	\$ 14,172,500	\$ 39,472,696	\$ 9,868,174
8 Mount Vernon Right Bank Levee Alignment	1,904,844	15,997,500	17,502,344	4,375,586
10 Mount Vernon Left Bank Levee Alignment	3,401,682	10,766,700	14,168,382	3,542,095
11 Lower Right Bank Levee Alignment	6,416,406	9,040,400	15,456,806	3,864,202
12 Lower Left Bank Levee Alignment	12,351,258	9,259,300	21,610,558	5,402,639
13 Emergency Control Structure (no land)	13,197,868	29,504,400	42,702,268	10,675,567
14 LaConner Ring Dike	1,000,000	-	1,000,000	250,000
Totals	\$ 122,781,598	\$ 161,174,700	\$ 263,656,298	\$ 65,914,075
15 years - 25% of Total Project	\$ 4,394,272			

Plan B -- Financing

➤ Property Taxes

100 yr. flood

- Creates unfair contribution with respect to benefits received
- Unjustly enriches and subsidizes 34% of taxpayers in the form of
 - Higher Property Values
 - Lower Flood Insurance Rates
- Penalizes 66% of the people in the valley who didn't build in the floodplain while rewarding the 34% who have made bad land use decisions

Plan B -- Financing

➤ Sales Excise Taxes

100 yr. flood

- Establishes a criteria that those who play – pay.
- By increasing the sales tax by .005 cents we would be raising revenue from the economic base of our county that the flood projects are going to protect.
- The .005 cents would be a dedicated fund that could only be spent on flood control projects.

Plan B -- Financing

- Would a sales tax discourage people from shopping in Skagit County? 100 yr. flood
- Lets go shopping
 - \$10.00 worth of fishing gear = 5 cents
 - \$100.00 shirts, pants & tie = 50 cents
 - \$1,000 Sears lawnmower = \$5.00
 - \$30,000 pickup truck = \$150.00

Plan B -- Financing

➤ Sales Excise Taxes (Con't)

Year	Mt. Vernon	Burlington	100 yr. flood
2006	\$702,657,412.00	\$867,656,353.00	
2005	\$560,043,176.00	\$792,370,588.00	
2004	\$541,366,824.00	\$720,037,059.00	
2003	\$521,248,588.00	\$666,629,412.00	
2002	\$502,703,412.00	\$614,093,059.00	
Average	\$565,603,882.40	\$732,157,294.20	
Average Yearly Sum of 2 Cities		\$1,297,761,176.60	
Average .005 Sales Tax Increase Revenue		\$6,488,805.88	

From: KellyBriggs
To: DaveBrookings
Subject: RE: Flood Control Zone District - RCW 86.15
Date: 6/27/2005 3:57:38 PM

Dave -

At the present time, there are no districts that would be adversely affected by an additional levy of \$.50 per thousand of assessed value. Keep in mind, however, there is still a group of people trying to establish a county wide library district. If the library district was formed and they levied their maximum levy of \$.50 and the Flood Control Zone also levied \$.50 then there would be prorationing. If there were any levy codes on Fidalgo Island that exceeded the \$.90 limit, the first district to be cut would be Fidalgo Park & Rec. The Flood Control Zone would be second. **In the remainder of the county, the Flood Control Zone would be the first to be cut.** In regards to the Constitutional One Percent Limit, the EMS districts would be cut first, then Park & Rec. districts, followed by Flood Control Zones

Based on the current assessed value, a levy of \$.50 per thousand dollars of assessed value would generate approximately \$5,220,000. This is based on the value of all taxable property in the county and does not include any exempt property.

Some things you might want to keep in mind when considering this levy (these are the ones you'll get the most "inquiries" from):

Some 2,500+ low income senior citizen/disabled persons who I don't believe would be exempt from this assessment.

Property owners on Cypress Island, Guemes Island, Sinclair Island (how would they benefit?)

Tideland owners

Property owners currently paying large assessments to diking and drainage districts

I did notice that the legal description for the district does except a portion of the county lying between Edison and Blanchard. I wonder what the reason for excepting that area was?

Let me know if you have any more questions.

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