

State's levy lid lift for schools leads to large tax increase in South Kitsap

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SOUTH KITSAP — Ever since 2020 property tax information went up earlier this month on the Kitsap County Assessor's website, calls have been pouring into the office. Many are from South Kitsap residents, who saw a significant bump in their tax bills, according to Kitsap County Assessor Phil Cook.

Legislation passed in 2019 allows for an increase in 2020 and beyond in the amount school districts can collect on voter-approved school support levies. The new law walked back a levy collection rate capped in 2019 at \$1.50 per \$1,000 of assessed value. The new rate is capped at \$2.50 per \$1,000, which translates to a roughly \$300 annual increase for the owner of a median home in South Kitsap.

The sunset of a one-year state school tax rollback also factors into 2020 tax bills statewide.

In 2020, South Kitsap is regaining most of the local tax revenue it lost in 2019 when the \$1.50 per \$1,000 local levy cap went into effect. That year, the district collected \$11.5 million less than in 2018 on its school support levy, according to Assessor's Office documents, a 47.4% decrease.

This year, South Kitsap is exercising its full taxing authority under the new rules. The district will collect \$23.4 million in 2020 on its school support levy, \$10.6 million more than in 2019. Factoring in an existing capital levy, the increase in total local taxes is 59.2% over 2019, according to the Assessor's Office. Other districts are seeing an increase as well, but none as dramatic.

"South Kitsap is our winner this year for the largest increase on the tax bill," Cook said. "It's a significant dollar increase."

Support levies, also known as enrichment levies, supplement the state's basic education allotment to operate and maintain schools. In South Kitsap, the levy pays for security staff, nurses, counselors and special education. The funds also provide enrichment opportunities in arts and athletics.

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"We appreciate the support of our community," said Superintendent Tim Winter. "We are on our way to becoming a Top 5 school district in Washington state. Our top priority is student achievement, and the maintenance and operations levy plays a critical role in supporting students."

Why the local tax increase?

Washington's school tax laws have been in flux since 2017 when legislators approved major changes in how public schools are funded.

The Legislature called for an increase in state school taxes, shouldered by property owners, to fully cover basic education. Most of the new revenue went to salary increases for teachers and other school staff.

Local districts could still supplement the state's allotment within limits. As state school taxes increased, the local levy cap was set at \$1.50 per \$1,000 of assessed value.

The goal was a more equitable funding system, where wealthier districts couldn't just raise local taxes to make up for the state's shortfall. But some districts complained that the so-called "levy swap" had gone too far in limiting local school tax contributions. Many, including South Kitsap, faced budget shortfalls despite the state's increase.

Legislators last year raised the local cap, allowing for collections up to \$2.50 per \$1,000 of assessed value or up to \$2,500 per pupil (with annual increases indexed to inflation), whichever was less. School districts with existing levies could not collect more than the voter-approved collection amount for the tax year.

South Kitsap officials in May welcomed the higher rate, saying it would help the district's long-term budget picture.

More: [School funding measures in Bremerton, North Mason on Feb. 11 ballot \(story/news/local/2020/01/29/school-funding-measures-up-vote-feb-11/4601271002/\)](https://www.kitsapsun.com/story/news/local/2020/01/29/school-funding-measures-up-vote-feb-11/4601271002/)

South Kitsap's tax hike explained

Implications of the levy lid lift in 2020 are different in each district even though all are governed by the same rules.

South Kitsap schools spokeswoman Amy Miller notes the district's support levy increase this year is tied to a measure that passed in 2017.

Voters in 2017 approved a four-year levy with collection amounts increasing from \$24.3 million in 2018 to \$25.5 million in 2021. The voter-approved collection amount in 2020 was \$25 million.

South Kitsap's taxing authority in 2020 is limited by the \$2.50 per \$1,000 rate which generates \$23.4 million. District officials say that's comparable to the amount approved by voters in 2017.

"South Kitsap is honoring what our voters approved," Miller said. "We are sensitive to (the) burden of taxes on our community and appreciate their support of South Kitsap schools."

The per-pupil amount would generate more than \$25 million. The state's most recent enrollment total for South Kitsap is 10,016.

Taxes in other districts

Implications of the levy lid lift in 2020 are different in each district even though all are governed by the same rules.

Bainbridge Island School District is limited by the per-pupil amount. The district will collect \$9,642,252 on its school support levy for which property owners will pay \$1.05 per \$1,000 of assessed value. The island's low tax rate reflects its relatively high property values.

Bremerton School District's collection is limited by the amount approved in a two-year levy that voters passed in 2018. The levy authorized the district to collect \$8,647,800 million in 2020.

The district, in preparing its 2019-20 school year budget, opted to utilize the full amount approved by voters, said spokeswoman Karen Bevers. Bremerton's local levy rate this year is \$1.75 per \$1,000 of assessed value.

Bremerton's school support levy collection dropped from \$12,003,222 in 2018 to \$6,663,154 million in 2019, a 44.5% decrease. The collection in 2020, \$8,653,138, is a 29.9% increase over 2019.

Bremerton's levy is [up for renewal in the Feb. 11 special election \(/story/news/local/2019/11/15/capital-levy-bremerton-schools-go-before-voters-2020/4206150002/\)](https://www.kitsapsun.com/story/news/local/2019/11/15/capital-levy-bremerton-schools-go-before-voters-2020/4206150002/). On the ballot is a four-year levy with a projected rate of \$2.50 per \$1,000 of assessed value, along with a capital levy that would replace an expiring levy.

North Kitsap, which passed a four-year levy in 2018, is limited by the voter-approved collection amount of \$11,975,894, according to the Assessor's Office. The 2020 rate is \$1.34 per \$1,000. North Kitsap's school support levy will be up for renewal in 2021.

More: [More seniors, disabled may qualify for property tax exemptions \(/story/news/local/2019/08/03/more-seniors-disabled-may-qualify-property-tax-exemptions/1894935001/\)](https://www.kitsapsun.com/story/news/local/2019/08/03/more-seniors-disabled-may-qualify-property-tax-exemptions/1894935001/)

Central Kitsap forgoes increase

Just because voters approve a tax amount doesn't mean districts have to collect all of it. They may collect less, either because of changes in state school tax rules or by local school board resolution.

The Central Kitsap school board in November approved a resolution to maintain the \$1.50 per \$1,000 rate in 2020, although the district would be authorized to collect more under a levy measure approved by voters in 2019.

The district will collect \$14 million for local school support in 2020 instead of the \$18 million voters authorized.

The district ran the 2019 levy projecting a rate of no more than \$1.50 per \$1,000 of assessed value because district officials at the time assumed the lower rate would be permanent. The board, with input from a citizens' advisory committee, felt it was important to maintain the rate that was publicized when the levy passed, said Doug Newell, executive director of business and operations.

"Our communication to the community was we needed \$1.50 (per \$1,000) to educate our kids," Newell said. "That's what we talked about a year ago (when the levy passed). That's what our budget was built on."

Central Kitsap receives significant federal funding because of the presence of tax-exempt military bases within its boundaries. That revenue helps bolster

the district's budget. Even so, Central Kitsap has struggled this year. The district will evaluate its local levy options annually and adjust as needed, Newell said.

State school tax break expires

While the local tax ceiling has been raised for 2020 and beyond, the higher state tax remains in effect.

The state tax has bounced up and down then back up again since 2018, the first year of the new funding formula. The state school tax increased from \$2.12 per \$1,000 in 2017 to \$3.02 per \$1,000 in 2018. That was a year before the local levy cap went into effect resulting in a temporary — if painful — spike.

In 2019, the state tax was down to \$2.66 per \$1,000 thanks to a one-year tax break afforded by the Legislature.

Kitsap County's state school tax rate in 2020 is \$2.98 per \$1,000 of assessed value. The total state school tax amount paid by Kitsap property owners increased from \$101.6 million in 2019 to \$125.2 million in 2020.

State and local school taxes, including bonds and capital levies, make up 56.5% of all taxes paid in Kitsap County in 2020.

More seniors will qualify for property tax exemptions under new income eligibility thresholds that went into effect in 2020. Kitsap's income threshold in 2020 will be \$48,574, according to calculations provided to county officials by the state's Department of Revenue. For information, visit <https://www.kitsapgov.com/assessor> (<https://www.kitsapgov.com/assessor>) or call 360-337-7160.

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