



PROPERTY TAX

THE BASICS

Revised October 2024

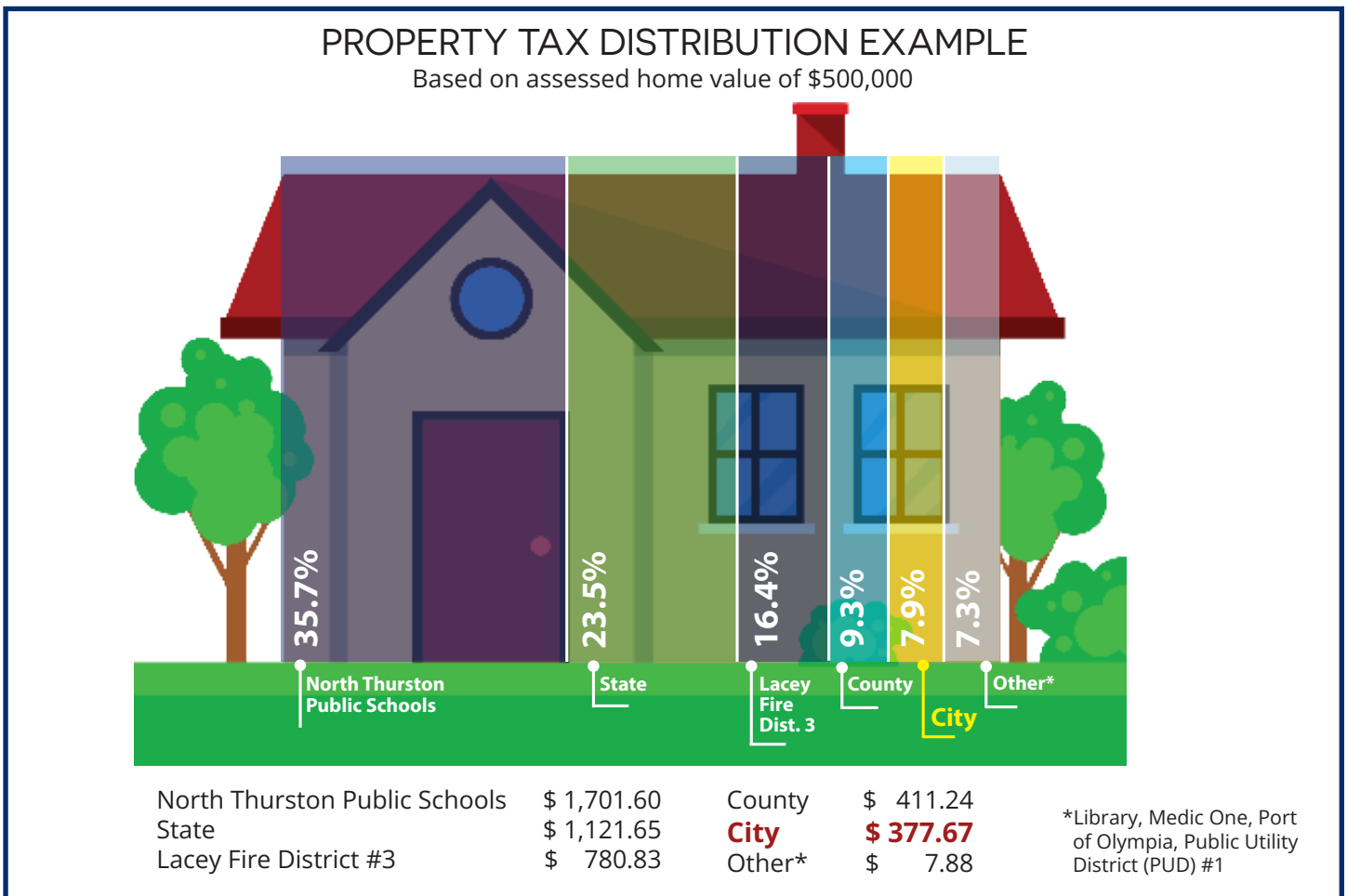
Every year, the property tax levy in Lacey may increase by 1% per state law and adjusting for the value of new construction, annexations, and refunds. See next page for additional information on this process.

In 2024, the total property tax rate was \$9.54 per \$1,000 of assessed property value. Of this total, only **7.6%** or \$0.76 per \$1,000 of assessed property value goes to the City.

The remaining 92% of property tax is distributed between the State, North Thurston Public Schools, Lacey Fire District #3, Medic One, Timberland Library, the County, Port of Olympia, and others.

If a property (home and land) was assessed for \$500,000* in 2024, the property taxes would total \$4,770.88. Of this total, the City receives **\$377.67** (see example below). This funding goes into the **General Fund** to support public services.

*Market value can be higher than assessed value. See webpage listed below for link to more property tax details.



Learn More

You can find several budget and tax resources by visiting CityofLacey.org/Budget or by scanning the QR code.

The Proposed 2025 Budget will be available online by Wednesday, October 9.



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ADDITIONAL INFORMATION

PROPERTY TAXES 101

The following is a very simplified version of how property taxes are calculated and applied. Check out the websites listed below for a more detailed overview of the process.

Let's start by going over important property tax components:

- **Levy Amount** - Total amount of property taxes allowed to be collected in a year by a taxing district (such as the City).
- **Assessed Value Citywide** - The true and fair value of all properties in the City as determined by the Assessor.
- **Assessed Value** - The true and fair value of a single property as determined by the Assessor.
- **Levy Rate** - The dollar rate allowed to be collected per property, expressed in per \$1,000 assessed value (AV).
- **Levy Lid** - For cities with a population over 10,000 — like Lacey — a taxing district cannot increase its total **Levy Amount** by more than 1% or the rate of inflation, whichever is lower, each year, plus additional levy on new construction and “add ons.”



EXAMPLE - YEAR 1

Levy Rate Calculation

$$\text{Levy Amount}/(\text{Assessed Value Citywide}/\$1,000) = \text{Levy Rate per } \$1,000 \text{ AV}$$
$$\$1,000,000/(\$200,000,000/\$1,000) = \$5 \text{ per } \$1,000 \text{ AV (Levy Rate)}$$

Property Tax Calculation

$$(\text{Assessed Value [of a home]}/\$1,000) \times \text{Levy Rate} = \text{Property Tax (for a property)}$$
$$(\$350,000/\$1,000) \times \$5 = \$1,750 \text{ (Property Tax for a property)}$$

1% Increase

New Levy Amount Calculation: $\$1,000,000 \times 1.01$ (1% increase) = $\$1,010,000$

EXAMPLE - YEAR 2

Levy Rate Calculation

$$\text{Levy Amount}/(\text{Assessed Value Citywide}/\$1,000) = \text{Levy Rate per } \$1,000 \text{ AV}$$
$$\$1,010,000/(\$200,000,000/\$1,000) = \$5.05 \text{ per } \$1,000 \text{ AV (Levy Rate)}$$

Property Tax Calculation

$$(\text{Assessed Value [of a home]}/\$1,000) \times \text{Levy Rate} = \text{Property Tax (for a property)}$$
$$(\$350,000/\$1,000) \times \$5.05 = \$1,767.50^* \text{ (Property Tax for a property)}$$

* A \$17.50 increase from Year 1.

As mentioned above, this is a very simplified example. To learn more about property taxes in Washington, visit the **Washington State Department of Revenue's website** by scanning the **green QR code** or the **Municipal Research and Services Center's website** by scanning the **blue QR code**.

