What is levy suppression?
Within King County, levy suppression occurs when the local taxing district rates in any given area in the county exceed the limit of $5.90 per $1000 of Assessed Value. There are over 400 of these separate “areas”, which are commonly referred to as “levy codes”.

Each code contains some combination of the various taxing districts that levy taxes throughout the County. (Several local tax measures are excluded from this $5.90 cap including the Ferry District, the Emergency Medical Services Levy and the Conservation Futures Tax Levy, just to name a few.) If any given code exceeds the maximum $5.90 limit there can be implications to taxes and services throughout the county as will be described.

How likely is it that levy suppression will occur?
In 2010, the property tax rate for the Unincorporated Area Levy (UAL) was $1.93 per $1,000 of Assessed Value (AV). With continued annexations and decreases in property values (especially in unincorporated King County), that rate is likely to jump to the maximum rate of 2.25 per $1,000 AV in 2011. Now that the County is further along in the property tax planning phase, this jump, along with declining AVs, has created a levy suppression issue.

Declining assessed values are projected through 2013.

When will it be known whether levy suppression will occur? What is the timeline?
The final outcome regarding levy suppression is not known until the assessor has received and analyzed all levy requests for 2011. This process is not completed until early in 2011. Tax districts submit their levy requests in November and the County Council certifies the levies in early December.

What are the impacts to the King County Flood Control District (FCD) if levy suppression occurs?
Under existing property tax rates, there is one levy code (6675) that could be as much as 0.39 over the $5.90 per parcel cap in State law. This would result in pro-rationing of property tax levies within that code. This pro-rationing would lead to complete elimination of the FCZD levy if other steps are not taken. This is the result of two issues. First, the FCZD is the most junior district in the area under state law so it gets ‘bumped off’ first. Second, because it is levied as a countywide tax, the FCZD must be levied uniformly across the entire County. If the FCZD gets ‘bumped off’ in any area within the County, it must go away across the entire county.

How would the FCD’s 10-year plan be affected? What projects would be impacted?
The Flood District 10-year plan is built upon an assumption that the District will collect property taxes based on $.10/$1000. Over 10 years the assumption has been approximately $350 million in flood investments. Reducing the levy amount will require modifications to the work program. The District Board of Supervisors would have the option of reprioritizing projects.

Will other taxing districts be affected by levy suppression?
Yes.
Why is the FCD in jeopardy (versus other taxing districts)?
State law sets the hierarchy of taxing districts:

<table>
<thead>
<tr>
<th>Priority to be pro-rationed</th>
<th>Local Taxing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = first</td>
<td>Local Taxing Authority</td>
</tr>
<tr>
<td>7 = last</td>
<td>Local Taxing Authority</td>
</tr>
</tbody>
</table>

7
- County
- County Unincorporated
- City

6
- Fire (1st 50 cents)
- Regional fire protection service authority (1st 50 cents)
- Library
- Metropolitan Park created before 1/1/2002 (1st 50 cents)
- Public hospital (1st 50 cents)

5
- Fire (2nd/3rd 50 cents)
- Regional fire protection service authority (2nd/3rd 50 cents)

4
- Metropolitan Park created after 1/1/2002

3
- Public hospital (25 cents)
- Unprotected metropolitan park (25 cents)
- Cemetery (11.25 cents)
- All other junior districts except those in 4th and 5th priority

1
- Flood Control Zone Districts

1
- Park & recreation service areas
- Park & recreation
- Cultural arts, stadium
- City transportation authority (monorail)

Why would the FCD be affected countywide, versus just in the "levy code" where the cap is exceeded?
State law
What actions can the FCD take? What are its options?
Levy regular amount and be suppressed resulting in no property tax revenue in 2011
How much tax revenue does the FCD raise annually?
$35 million
Is levy suppression a long-term problem?
It will be a problem as long as the Flood District is the most subordinate district and property tax values are depressed.
Has levy suppression happened in King County before?
The issue of levy suppression, although more commonly occurring in rural Counties throughout Washington State, is facing King County for the first time in recent history
What does this mean for taxpayers?
Property tax bills will reflect the tax rates applicable within the area in which the property is located. Not all property taxes are counted within the 5.90 cap. With respect to those taxes that are subject to the 5.90 cap, in some areas the tax will be below the 5.90 amount. In no area can the cap of 5.90 be exceeded.