



Impact on Your Taxes

We sometimes hear complaints that the Land Bank is “taking land off the tax rolls” resulting in higher property taxes. Although this point is arguable given that development requires more government services to be provided, we have attempted to calculate this by adding the value of Land Bank Preserves back to the total taxable value of real estate in the County and seeing how this might change tax rates.

The taxable value of Land Bank Preserves is roughly \$35 million. This constitutes about one half of one percent of the total taxable property in the County (over \$7.5 billion). If this amount were added to the total and the tax rate were adjusted to keep the total amount collected the same it could reduce the tax on a \$500,000 property by \$15.00 annually.

ESTIMATE OF IMPACT ON TAXES OF LAND BANK PROPERTY OWNERSHIP	
CURRENT SITUATION	
Total taxable value in the County	\$7,543,576,994.00 ¹
Average tax rate	.0073/\$1,000 ²
Avg. tax per \$100,000	\$730.00
Tax on \$500,000 property	\$3,650.00
Total taxes	\$55,090,413.00
ADDING LAND BANK PROPERTY BACK TO TAX BASE	
Taxable value of Land Bank property	\$35,000,000 ³
Total taxable value with LB properties added	\$7,578,576,994.00 ⁴
Average tax rate to yield the same total taxes figure	.00727/\$1,000
Avg. tax per \$100,000	\$727.00
Avg. tax on \$500,000 property	\$3,635.00
Potential tax reduction per \$100,000 in value ⁵	\$3.00
Potential tax reduction on \$500,000 property	\$15.00

¹ SJC Assessor / 2019 Tax Year Statement of Assessments

² <https://dor.wa.gov/about/statistics-reports/property-tax-statistics/property-tax-statistics-2018>

³ Estimated based on assessed values, adjusted to current market. Recognizes tax status of property when purchased, i.e., DFL, ag... Does not include former DNR properties as they were already in public ownership. Actual estimate is \$31,160,000 rounded up to \$35,000,000.

⁴ This does not take into account the impact on properties near Land Bank Preserves. Being near conservation land boosts property values by up to 20% according to multiple analyses. With Land Bank Preserves privatized the value of these properties would drop significantly, potentially even cancelling out the expected the added value of privatized Land Bank preserves.

⁵ Adjusting the tax rate to yield the same Total taxes figure

However, this doesn't account for the fact that properties near conservation land have higher values than similar properties farther away. If Land Bank Preserves were made private the loss in the value of neighboring properties would be considerable, potentially even cancelling out the total gain.

Theoretical corresponding impact on properties neighboring Land Bank Preserves

Multiple studies document increased property values from being near parks or preserves of up to 20%. The Land Bank has 300 immediately adjacent parcels and, roughly estimated, 700 nearby parcels (1,000 total). Assuming just a 5% increased value for those properties and an average \$500,000 value, this means the Preserves are yielding \$25 million in additional taxable value currently. If they were privatized and the value of these properties dropped accordingly then that figure should be offset against the estimated \$35 million of the former Preserve properties (\$35,000,000 - \$25,000,000). Thus, privatizing the Preserves would only yield an additional \$10 million. The new tax rate would be .007293/\$1,000 or \$729.30/\$100,000 in value. The difference in taxes paid equals \$0.70/\$100,000 or \$3.50/\$500,000. (Total taxable value \$7,553,576,994)

Current situation	
Conservative estimate of increased taxable value for properties near Land Bank Preserves	5%
Boost in taxable value of 1,000 nearby parcels	\$25,000,000
Impact of Privatization of Land Bank Preserves	
Privatization of Preserves estimated value	\$35,000,000
Corresponding reduction in neighboring property values	(\$25,000,000)
Net effect on overall taxable values	\$10,000,000
Theoretical annual savings on \$500,000 property	\$3.50

Fees currently paid by the Land Bank to the County

Last, at the current avg. tax rate, Land Bank properties would yield \$255,500 in taxes. The Land Bank currently pays the County an administrative fee as well as fees for IT, facilities and contracted work. This total exceeds \$150,000/yr.

Overall Tax Rate (based on 2018 tax year – latest year data available for comparison)

Regardless of these analyses, the basic fact is that San Juan County has had by far the lowest property tax rate in the state at 0.0078% per \$1,000 in value⁶ (.0073% for 2019 tax year). The next lowest rate is Wahkiakum County at 0.00966% or roughly 24% higher. In other words, the owner of a \$500k property pays \$3,900 in taxes in San Juan. A property of the same value in Wahkiakum would cost \$4,830. In Whitman County, which has the highest rate at .01422, the same \$500k property would cost \$7,110 annually.

⁶ <https://dor.wa.gov/about/statistics-reports/property-tax-statistics/property-tax-statistics-2018>