



Frequently Asked Questions—City Finances

On June 1, 2011, the Finn Hill, North Juanita and Kingsgate neighborhood areas officially became part of the City of Kirkland. This largely residential area is approximately seven square miles, extending north of Kirkland to approximately NE 145th Street. It added over 31,000 people to the City's current population of 48,000. The annexation makes Kirkland the 12th largest city in Washington and the 6th largest city in King County.

In November 2009, the question of annexation, zoning regulations, and assumption of indebtedness was placed on the ballot for a vote by annexation area residents. A majority of residents approved annexing to Kirkland and the Kirkland City Council accepted the annexation in December 2009. Annexation voters did not approve the assumption of indebtedness.

To ensure a smooth transition, City and County staff negotiated the transfer of services, property and assets guided by the Interlocal Agreement approved by the Kirkland City Council and King County Council prior to the effective date.

A series of Frequently Asked Questions (FAQ) handouts have been developed to answer common questions about changes in services, City finances, land use and building permit processes and regulations, and community and neighborhood involvement. The FAQs are available online at www.kirklandwa.gov/annexation and at City Hall.

The City of Kirkland welcomes our new residents and businesses and we look forward to serving you.

What is the City of Kirkland's budget outlook for 2011-2012?

The 2011-2012 biennium is a time of transition. First, the City has moved from a time of economic expansion into what is being termed the "Great Recession." In this respect, we are not alone. Governments across the region and throughout the United States are struggling to recognize the new fiscal realities and communicate what they mean to their constituents. Kirkland, through its conservative fiscal policies and quick recognition of the decline, has fared better than many jurisdictions, but the transition has been difficult and has meant adjusting the City's service levels to match the expected revenues. To learn more about the budget, go to www.kirklandwa.gov/budget.

How is the economy affecting the City's ability to pay for services in the annexation area?

With the completion of the annexation of Finn Hill, North Juanita, and Kingsgate, the City grew by over 31,000 residents, which represents both a challenge and an opportunity. The challenge is ramping up to provide services to the new area and the opportunity is to incorporate the resources from the annexation area, both human and financial, to help build toward the City's vision. Services in the annexation area will be phased in until the revenue picture begins to improve. The annexation service levels proposed as part of the 2011-2012 Budget are intended to match the revenue expected from the annexation area, including funds from the state annexation sales tax credit.



**City of Kirkland
Finance and Administration
Department**
425-587-3100
www.kirklandwa.gov/finance

**King County Department of
Assessments**
206-296-7300
www.kingcounty.gov/assessor

Annexation Information
425-587-3001
annexation@kirklandwa.gov
www.kirklandwa.gov/annexation

Do I continue to pay my property taxes to King County now that annexation has taken effect?

Yes, you will continue to pay all of your property taxes to the King County Assessor's Office. King County distributes your property tax payments to all of the taxing districts serving your area. For more information, visit www.kingcounty.gov/assessor or call 206-296-7300.

Annexation will not impact an owner's ability to qualify for property tax exemptions. Note that property tax exemption programs are administered by the King County Assessor's Office. Please visit www.kingcounty.gov (Search: Tax Relief) or call 206-296-7300 for additional information.

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Does the amount of my property taxes change with annexation?

Your property's Assessed Valuation (AV) is determined by the King County Assessor's Office. Assessed Valuation is based on the appraisal of your real and personal property at 100 percent of its true and fair market value. In 2012, annexation area residents will pay taxes at the City of Kirkland rate (excluding voted debt service), plus debt service associated with debt issued by Fire District 41 for those that were part of that District. The 2012 Tax Comparison table compares the estimated taxes the owner of a \$480,000 home in the annexation area will pay

the City compared to what that owner would pay if he or she was part of the County. Note that the estimated taxes exclude the City's voted bond indebtedness given that the annexation vote passed by less than 60%.

The City of Kirkland is one of several jurisdictions that levies property taxes. Although property taxes represent a major source of funding for City services, the portion of each property owner's total tax bill that goes to the City is relatively small (a little less than 14% in 2012).

2012 Tax Comparison Illustration

King County vs. Kirkland (Area Previously Served by Fire District 41)

Property Tax Comparison			
Rate per \$1,000 of Assessed Valuation			
King County		City of Kirkland (Fire District 41)	
County Road Levy (Levy Code 7338)	\$ 2.25	Regular Levy (Levy Code 1708)	\$ 1.37
Fire District 41 ⁽¹⁾	1.22	Fire District 41 Debt ⁽²⁾	0.14
Consolidated (State, Port, County)	4.07	Consolidated (State, Port, County)	4.07
Finn Hill Park District ⁽³⁾	0.07	Finn Hill Park District ⁽³⁾	0.07
EMS	0.30	EMS	0.30
Lake Washington School	3.53	Lake Washington School	3.53
Hospital District	0.49	Hospital District	0.49
Library District	0.57	Library District	0.57
Flood Control Zone District	0.12	Flood Control Zone District	0.12
Ferry District ⁽⁴⁾	0.00	Ferry District ⁽⁴⁾	0.00
Total Levy	\$ 12.63	Total Levy	\$ 10.66
Property Tax on \$480,000 Home	\$ 6,061	Property Tax on \$480,000 Home	\$ 5,117
		Difference City to County	\$ (944)
		Rate Difference	\$ (1.97)

(1) Estimated 2012 levy rate based on King County Assessor's data that would have applied if Fire District 41 had continued to operate in 2012.

(2) Fire District 41 debt service for construction of the consolidated fire station will remain until debt is retired; this component does not apply in areas that were served by Woodinville Fire & Rescue or Fire District 34 (Redmond).

(3) Finn Hill Park District levy only applies to residents within the Finn Hill Park District boundary.

(4) Ferry District rate is \$0.00372/\$1,000 A.V.

Total Tax Comparison			
Rate per \$1,000 of Assessed Valuation			
	King County	City of Kirkland (Fire District 41)	Annual Increase or (Decrease)
Average Property Tax Paid [^]	\$6,061	\$5,117	(\$944)
Utility Tax/Franchise Fee ^{^^}	\$0	\$456	\$456
Surface Water Fees	\$122	\$187	\$65
King County Surface Water Debt Service ^{^^^}	\$11	\$11	\$0
Total	\$6,194	\$5,770	(\$424)

[^] These figures are based on an average home value of \$480,000 and excludes debt service on City's voted debt since residents in the annexation area did not assume Kirkland's outstanding voted debt; actual property tax rates vary within different areas of the annexation area.

^{^^} Actual utility taxes/franchise fees for annexation area residents may be more or less depending on their utility usage.

^{^^^} King County surface water-related debt service continues until debt is retired in 2021.