

North Thurston’s Bond Cost Ad Explained

By Jeff Heckathorn
8/10/2020

Table of Contents

Summary.....1

Bond cost to taxpayers as represented by the school district.....2

Bond cost to taxpayers as calculated by the authors.....3

Historical and projected tax rates for local school taxes.....3

Projected AV growth by the district.....4

Summary

Problems with North Thurston’s advertisement:

1. The district is comparing “all” local school tax rates and between just 2 years: 2020 and 2021. All local school taxes include EP&O Levy, Prev Debt, and the 2020 Bond. That is how they calculated their “about 55 cents more” in their advertisement. See Fig 1 and Fig 3. Local school tax rates go from 4.41 in 2020 to 4.95 in 2021. The district then does not mention that, according to its calculations, that tax rates will go down to 3.87 in 2029 through 2036. The district is most likely already planning for another bond in 2028. In fact their datasheet has a column (empty at the moment) for a 2028 bond issue. The reader will note the large spike in the 2020 bond payback schedule for 2028. That can then be used to give the appearance of a rate drop or small rate increase again when the district starts advertising for the 2028 bond.
2. The district also failed to mention the 3+% AV growth each year they are assuming through 2040 which is how long taxpayers are expected to be paying for this one bond. See Fig 4. A constant tax rate applied to increasing home values results in higher taxes that taxpayers must pay whether their incomes are rising at that rate or not.
3. The district failed to mention how they timed a drop in previous debt tax rates between 2020 and 2021 to give the appearance of a lower cost for this new 2020 bond.
4. The district then compares rates to 3 years ago in the year 2017. Home and apartment assessed values (AVs) were much lower 3 years ago so rates were higher.

Bond cost to taxpayers as represented by the school district

What is the cost to me?

- The reinvestment in our schools through the bond and levy would slightly increase the estimated local education tax rate (about 55 cents more per \$1,000 of assessed valuation). That said, the proposed new bond and levy rate per thousand of assessed value is significantly lower than what taxpayers have approved in the past.*
- If approved on February 11, the **total combined rate for 2021 would be \$4.96 per \$1,000 of assessed valuation.**



*2017 bond/levy rate was \$5.59

Fig 1

Bond cost to taxpayers as calculated by the authors

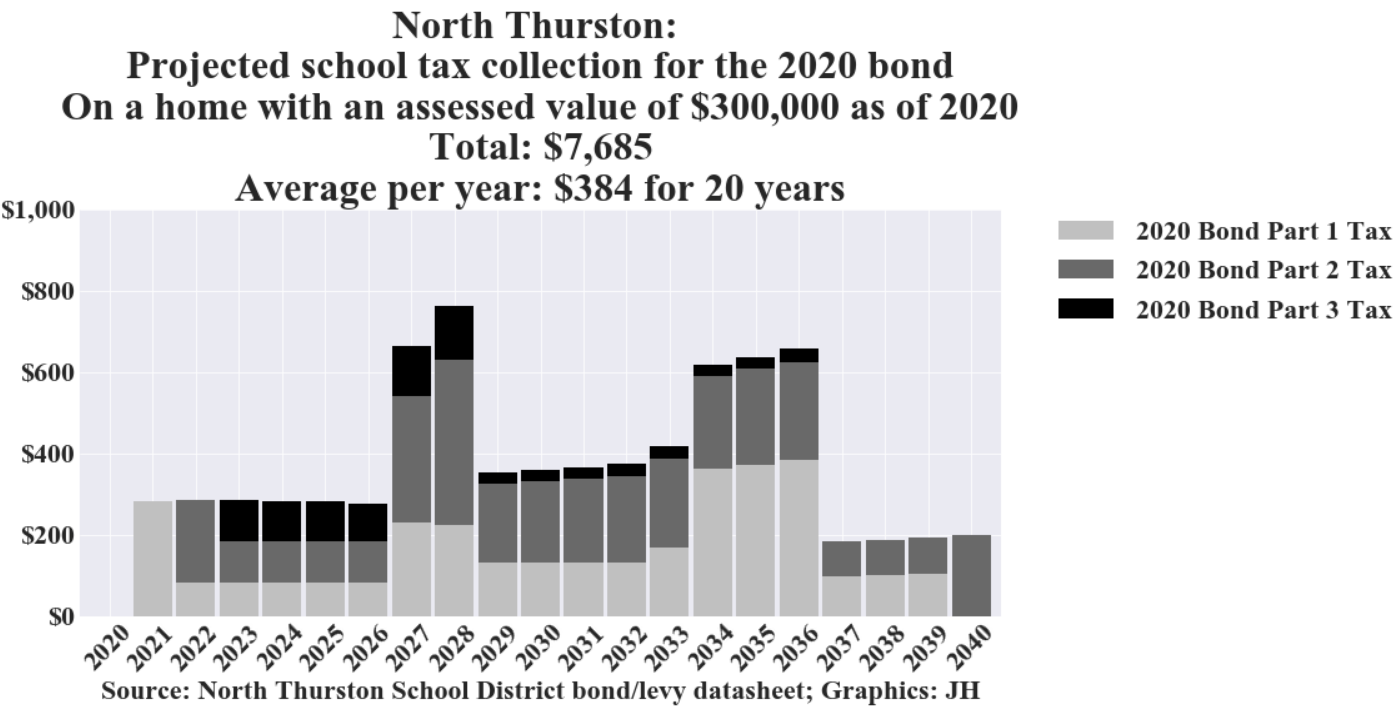


Fig 2

Historical and projected tax rates for local school taxes

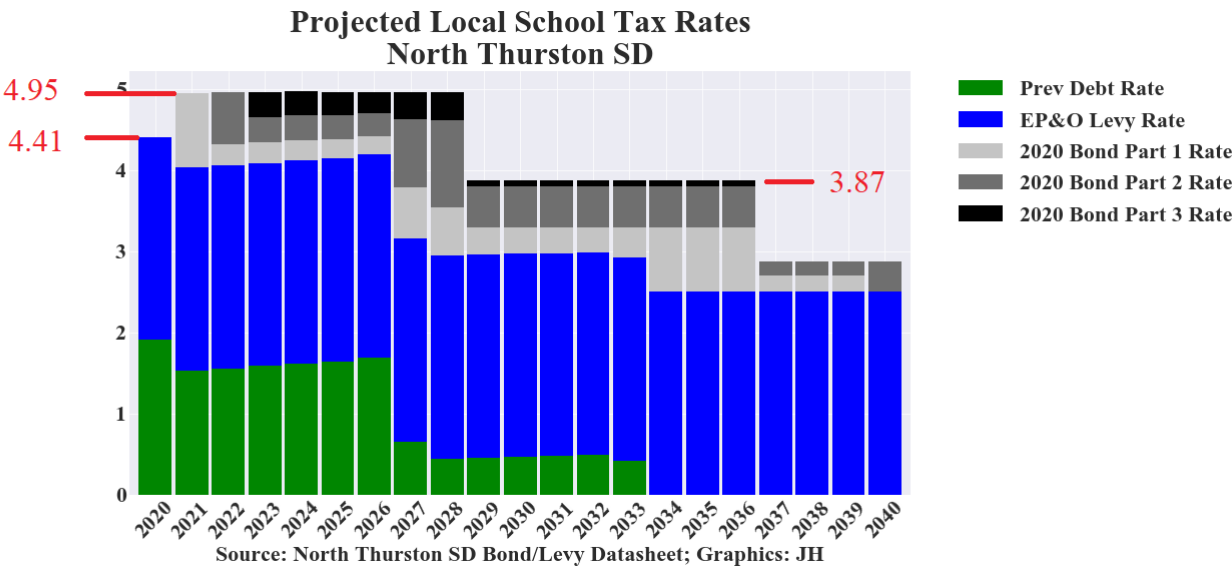


Fig 3

Projected AV growth by the district

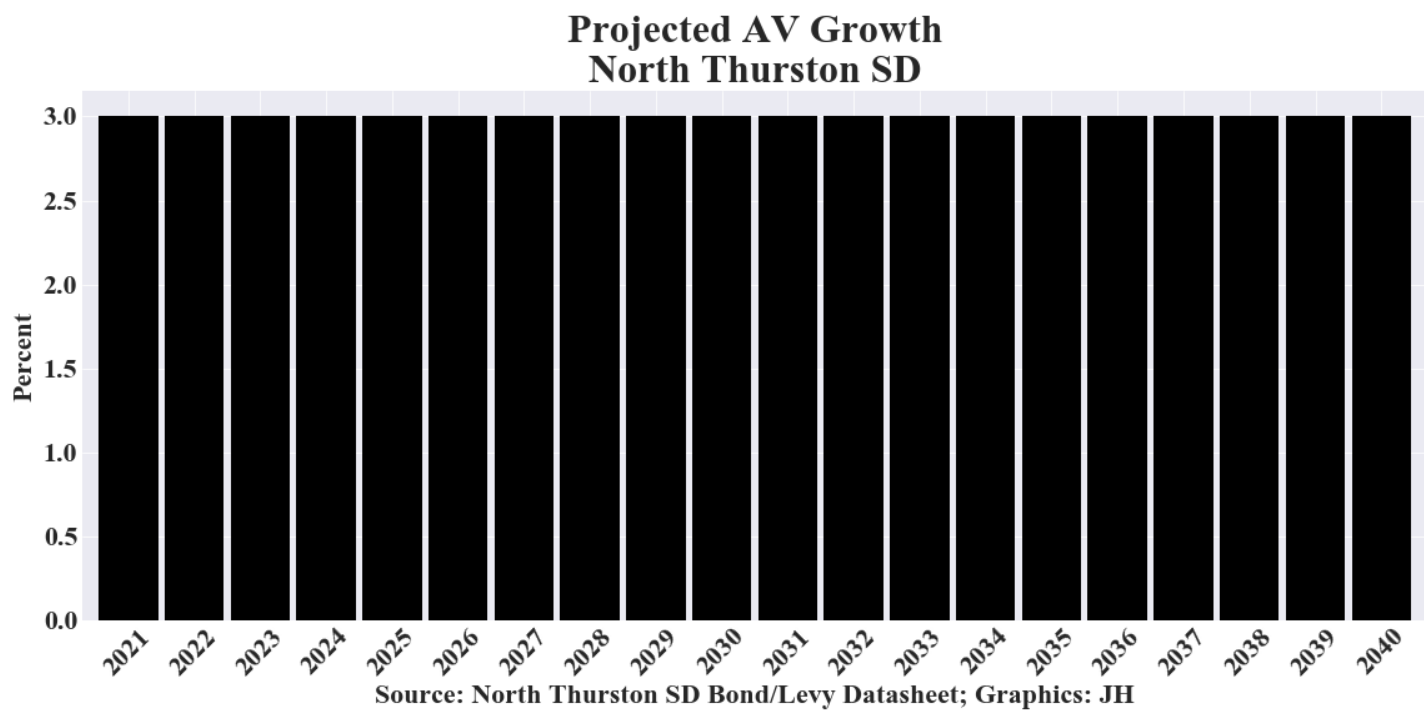


Fig 4