



Washington Association  
of COUNTY OFFICIALS

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# HB 1764 / SB 5772

## Replacing the one percent property tax revenue limit with a limit tied to cost drivers.

Supported by the Washington Association of County Officials (WACO), the Washington State Association of Counties (WSAC), and the Association of Washington Cities (AWC).

## Limit Property Tax Revenue to Inflation and Growth

Counties only have two principal sources of tax revenue to support public services – property tax and sales tax – a structure that dates back to the farm-based economy of the 1850s. Property tax far exceeds any other revenue source for counties, accounting for nearly half of all General Fund and Road Fund revenues.

### 1% Cap on Revenue

By voter initiative and then passed into law by the Washington State Legislature, county **property tax levies can only increase by 1% per year**, plus revenue from new construction. This cap on revenue has resulted in the cost of maintaining services far out pacing income.

**The cost for essential services rising 3-5% yearly, while revenue collection trails behind.**

### Counties are Being Left Behind

The State reliance on Sales & Use tax, and other revenue streams, is resulting in economic recovery for the state while counties are left behind.

**For comparison the State of Washington:**

- Receives revenue from 36 separate taxes
- Relies on property tax for ~10% of its General Fund revenue
- Generates revenue through the Retail Sales & Use Tax, which grows annually at an average rate of approximately 6%

### Impacts

Counties are struggling to keep up with demand because of the 1% property tax cap that limits revenue growth.

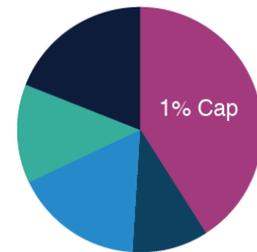
Counties across the state have experienced:

- **Reduction** in the number of deputies on the road
- **Cuts** to law enforcement training
- **Delayed** public safety response times & justice proceedings
- **Caps** on inmates booked into county jails
- **Overcrowding** in jails
- **Increased** diversion from road funds for law enforcement
- **Dangerous** road and bridge conditions

### A New Approach is Needed

Lawmakers need to replace the 1% property tax cap with a cap to a factor of inflation plus the rate of population growth – the actual factors that drive county costs. Locally accountable officials will then be able to publicly decide whether or not to utilize the new cap.

## Strengthen Locally Accountable Public Finance Decisions



- Property Tax 41%
- Sales & Use Tax 18%
- Goods & Services 17%
- Intergovernmental Revenues 13%
- Other 10%



Annual Impact

# \$12.64

The annual impact to the average home owner in King County, if both the city and county adopt a 1% property tax increase.