



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.

Arbitrary 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 rise 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:

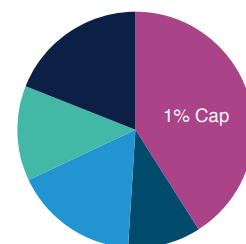
- **Reduction** in the number of deputies on the road
- **Cuts** to law enforcement training
- **Delayed** public safety response times & justice proceedings
- **Caps** on inmates booked into county jails
- **Overcrowding** in jails
- **Increased** diversion from road funds for law enforcement
- **Dangerous**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

General Fund



Counties rely on property taxes as their top revenue source.

- 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.

Visit wsac.org to learn more.

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