

18152

Findings

1

11-5-15

JM → passed 7-0 JH KL ex

Sponsor: Phillips and McDermott

[REC]

Proposed No.: 2015-0413

1 **AMENDMENT TO PROPOSED ORDINANCE 2015-0413, VERSION 1**

2 Beginning on page 1, strike lines 7 through 28 on page 2, and insert:

3 **"SECTION 1. Findings:**

4 A. RCW 84.55.0101 allows the county council to set limit factors for regular  
5 property tax levies to a maximum of one hundred one percent upon a finding of  
6 substantial need.

7 B. King County provides criminal justice, transit, elections, assessments, natural  
8 resources and parks, public health and human services to two million residents. The  
9 demand for these services provided by King County continues to grow – fueled by an  
10 expanding population. To ensure King County maintains its commitments to adequate  
11 levels of basic services for a growing population, it must provide for the cost of those  
12 services. Setting the limit factor for regular property tax levies to the maximum of one  
13 hundred and one percent allows King County to strive to meet service demands at a local  
14 level.

15 C. The total adopted King County budget for the 2015/2016 biennium is \$8.9  
16 billion, and the total adopted general fund budget for the 2015/2016 biennium is \$1.5  
17 billion.

18 D. The general fund and other funds are continuing to experience a fiscal  
19 shortfall that is the result of revenue growth that is not keeping pace with the increasing  
20 costs of providing services.

21 E. To address the shortfall, King County has aggressively reviewed all  
22 expenditures in the general fund and other property-tax-supported funds for reductions  
23 and has reviewed possibilities for enhanced revenues.

24 F. King County reduced the general fund budget and other property-tax-  
25 supported budgets below the amounts necessary to sustain current service levels through  
26 direct service reductions and efficiencies.

27 G. Despite King County's efforts, the fiscal shortfall is expected to continue in  
28 2017 and thereafter, with the general fund shortfall for the 2017/2018 biennium currently  
29 projected to total \$48 million.

30 H. The 2015/2016 Biennial Budget Ordinance assumes that property taxes  
31 increase by the one hundred and one-percent limit factor, and any increase less than that  
32 would require substantial direct service reductions.

33 I. State law limits annual property tax increases to the lesser of one percent and  
34 the implicit price deflator. For 2016, the state has advised King County that the implicit  
35 price deflator is 0.251 percent.

36 J. Since 1998, the implicit price deflator has only been less than one percent on  
37 three occasions—in 1999, 2010 and 2016. For all other years, the implicit price deflator  
38 has exceeded one percent—ranging from 1.16 percent in 2003 to a high of 4.527 percent  
39 in 2009. In those years, King County's annual property tax increases were limited to an  
40 increase of one percent.

41 K. Because of the findings in subsections A. through J. of this section, the King  
42 County council finds that a substantial need exists for the use of property tax limit factors  
43 up to the maximum of one hundred one percent."

44 **EFFECT:** *This amendment includes additional information explaining the context for*  
45 *and necessity of declaring the County's substantial need to increase property taxes for*  
46 *2016 by 1 percent over 2015, rather than using the implicit price deflator.*