

POLICY NOTE

Overview of Seattle and King County special levies

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Key Findings

1. People living in Seattle pay 17 special tax and bond levies, in addition to regular property, business and sales taxes.
2. Seattle officials use more special tax levies to fund basic services than any other city or county in the state.
3. The high tax burden contributes to unaffordable housing and income inequality, and falls hardest on the poor, working families and the elderly living on fixed incomes.
4. Many homeowners have paid more in property taxes than they paid to buy their home.
5. Seattle tax revenues are at record highs, providing leaders with plenty of money, yet basic infrastructure needs are neglected.
6. Consistent mismanagement of public funds has resulted in an ever-rising tax burden, and an over-reliance on special tax assessments to fund core public services.

Introduction – the rising cost of Seattle taxes

Residents in Seattle are paying 17 special tax and bond levies to city government, to the Seattle School District and to King County, in addition to regular property, business and sales taxes, according to current government data.

The City of Seattle administers eight of these special tax levies to provide such core services as public housing, schools and libraries. Seattle officials use more special levies to fund basic government services than any other city or county in the state.

The high tax burden contributes to the high cost of housing in the city. The total yearly property tax burden is built into the cost of private homes, apartment or commercial buildings within Seattle city limits. The high level of taxation contributes to the unaffordable cost of living in the city, with the burden falling hardest on low income people, working families and elderly residents living on fixed income.

Many homeowners have paid far more in property taxes over the years than the original purchase price of their home. The taxes are also paid by businesses that lease property and by apartment dwellers who pay higher monthly rent.

Some special levies are due to expire in 2018, but the overall financial burden will continue to rise. New costs that might be added soon include Mayor Durkan's proposal for a new city education levy that would collect \$636.5 million over seven years, more than double the total burden of two expiring education levies.¹

Current special tax levies paid by Seattle residents

The tables below show the 17 city, school district and county special tax levies currently paid by Seattle residents, as reported by the County Assessor's office.

¹ "Seattle would spend \$636.5 million over seven years under education-levy plan," by Daniel Beekman, *The Seattle Times*, April 18, 2018, at <https://www.seattletimes.com/seattle-news/politics/seattle-would-spend-636-million-over-7-years-under-school-levy-plan/>.

Table 1: Special city levies paid by Seattle residents²

Seattle special tax levies	Cost to taxpayers	Time period (in years)	Starting year	Ending year
Low-income Housing	\$290 million	7	2017	2023
Election Campaign Vouchers	2¢ per \$1,000	10	2016	2025
Transportation	\$930 million	9	2016	2024
Early Learning Program	\$58 million	4	2015	2018
Alaskan Way Seawall	\$290 million	30	2013	2042
Library Services	\$122 million	7	2013	2019
Families and Education	\$231 million	7	2012	2018
Library Facilities	\$196 million	30	1999	2028
School Technology/Academics	\$475 million	6	2017	2022
Capital Levy				
School Capital Projects	\$695 million	6	2014	2019

Table 2: Special county levies paid by Seattle residents³

King County special tax levies	Cost to taxpayers	Time period (in years)	Starting year	Ending year
Vets, Human Services, Seniors	10¢ per \$1,000	6	<u>2018</u>	2023
Best Start for Kids	14¢ per \$1,000	6	2016	2021
Emergency Radio Network	7¢ per \$1,000	9	2016	2024
Parks	18.8¢ per \$1,000	6	2014	2019
Automated Fingerprint ID (AFIS)	5.9¢ per \$1,000	6	2013	2018
Children/Family Justice	7¢ per \$1,000	9	2013	2021
Harborview Medical Center Imp.	\$193 million	20	2001	2020

Seattle officials using special levies to fund core services

The people of Seattle pay more in special tax levies than residents in any other city or county in Washington. In response to criticism, city officials note these special levies are passed by voters. Yet city officials have pursued a consistent policy of deliberately underfunding core services in the regular budget, then turning to voters with a stark message: Vote for additional taxes or core public services will be cut.

Examples include funding for parks, libraries, schools, subsidized housing and family services. No one would consider these public services as extras, yet at election time the message voters hear is “Save Our Parks” or “Fix This Street,” with the clear threat that officials will take away basic services if voters do not agree to shoulder a larger tax burden.

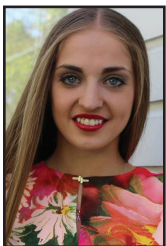
At the same time, people in Seattle are paying more in regular taxes than ever before. The city’s budget, adjusted for inflation, has more than doubled over two decades to more than \$5 billion. Much of city spending is ineffective. Seattle and King County spend more than \$200 million a year on homeless programs

2 “Active Voter-Approved Property Tax Measures for Capital Purposes,” Department of Assessments, King County, April 2018. https://www.kingcounty.gov/depts/assessor/Reports/annual-reports/~/_media/depts/assessor/documents/annualreports/2018/18Levies.ashx?la=en.

3 Ibid.



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yet the city's homeless population is increasing. Increases in spending have been ineffective in reducing the city's extensive maintenance backlog.⁴

By any reasonable measure, people are providing Seattle's leaders with plenty of money. Seattle leaders know that parks, libraries, schools and other vital infrastructure need operations and maintenance funding, yet they consistently neglect to plan for these predictable expenses.

These city levies are in addition to special property tax levies promoted and passed by elected officials at King County and by the appointed board of Sound Transit through the ST3 ballot measure.⁵

Conclusion - City leaders are increase housing costs

For decades city leaders in Seattle have pursued a policy of imposing high taxes to fund large annual increases in spending. City spending in Seattle typically increases at two or three times the rate of inflation, and each year's spending increase is imposed on the cumulative increases of past years.

Special levies expire, but are quickly replaced with new and costlier levies. In addition, elected leaders in Seattle routinely increase the financial burden each year by imposing higher taxes, penalties and fees through the regular budget process.

Elected leaders almost never vote to reduce the tax burden they impose. The last notable example was the city council's repeal of an unpopular head tax in 2009.⁶ The Council made a second attempt to impose a head tax in May, only to concede its unpopularity and repeal it again in embarrassment a few weeks later.⁷

The head tax debacle is a rare exception to the overall trend. In general the net tax burden Seattle residents pay goes up and almost never goes down.

The rising tax burden falls hardest on working people, the poor, immigrants and elderly people living on fixed incomes. The high-taxes policy contributes to income inequality in the city, as wealthy households easily pay higher taxes out of disposable income, while working people are forced to leave the city, or cannot find affordable housing in the first place.

4 "Seattle's Bridging the Gap levy failed to to reduce city street backlog," by Bob Pishue, *Policy Notes*, Washington Policy Center, August 17, 2015, at <https://www.washingtonpolicy.org/publications/detail/seattles-bridging-the-gap-levy-failed-to-reduce-city-street-backlog>.

5 "Sound Transit tax increases reflect passage of ST3," by Sound Transit staff, *The Platform*, Sound Transit, February 2017, at <https://www.soundtransit.org/blog/platform/sound-transit-tax-increases-reflect-passage-st3>.

6 "Seattle council to repeal employee head tax," by Emily Heffter, *The Seattle Times*, June 24, 2009, at <https://www.seattletimes.com/seattle-news/politics/seattle-council-plans-to-repeal-employee-head-tax/>, and "Head Tax Repealed," by Erica C. Barnett, *Seattle Met*, November 12, 2009, at <https://www.seattlemet.com/articles/2009/11/12/head-tax-repealed>.

7 "About-face: Seattle City Council repeals head tax amid pressure from businesses, referendum threat," by Daniel Beekman, *The Seattle Times*, June 12, 2018, at <https://www.seattletimes.com/seattle.../about-face-seattle-city-council-repeals-head-tax>.