

## Key Findings

1. King County leaders are relying on voters to approve a sales tax increase, rather than seeking savings in low-priority areas of current spending.
2. Passage of the proposed increase would give King County one of the highest local sales taxes in the country.
3. Despite the ongoing economic recession, the tax burden of people living in King County has been steadily rising.
4. Total spending is rising, but County officials have adopted policies that place day-to-day budget management outside the Council's control.
5. In the Sheriff's department, union leaders are insisting on a scheduled 5% pay increase, and Metro drivers have received 4% pay raises every year for the last five years.
6. County officials' refusal to fund public safety means more citizens would become victims of crime because of the inaction of a County government that is supposed to protect them.

## Citizens' Guide to Proposition I

### *To Increase the King County Sales Tax to Fund Public Safety Programs*

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## Background

King County elected officials have developed a proposed budget for 2011 in which planned General Fund spending would exceed estimated revenues by approximately \$60 million. Total County budget spending is just over \$5 billion a year; the General Fund budget is \$629 million.

To make up for the planned shortfall, budget writers are relying on approval in November of a sales tax increase placed before voters, rather than seeking savings in low-priority areas of current spending.

To carry out the plan, County Executive Dow Constantine has proposed, and a majority of the Council has approved, a ballot measure to raise the county sales tax by two-tenths of a percent, bringing the total tax rate to 9.7%. The sales tax on restaurants would be higher, over 10%. The proposal will appear on the November ballot. If approved, the new tax would raise an estimated additional \$59 million a year for County operations.

The County Executive says the new revenue would be devoted to public safety agencies, particularly the Sheriff's office and the County Prosecutor's office. If the measure is not approved, Executive Constantine says he intends to lay off sheriff deputies and cancel prosecution of certain criminal offenses. These changes would likely lead to reduced public safety, an increase in illegal activity, and more citizens becoming victims of crime in King County.

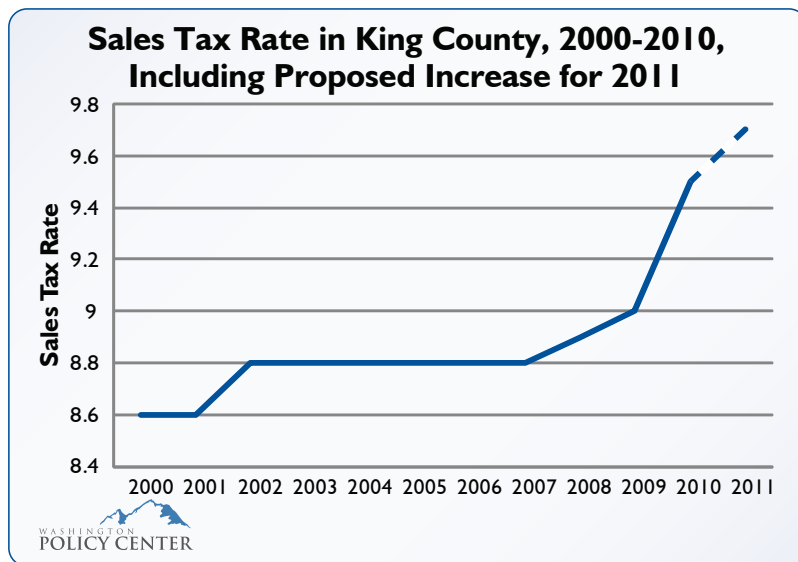
## Policy Analysis

Imposes 7th highest sales tax. Passage of the proposed increase would give King County one of the highest sales taxes in the country.

The first sales tax in Washington started at 2%. Currently the sales tax in King County is 9.5%. If passed, Executive Constantine's tax proposal would increase the county sales tax to 9.7%, giving the county the 7th highest local sales tax in the nation,<sup>1</sup> and would reduce business and household income by \$59 million a year. In addition, the County charges 1.78% on home sales, or \$8,900 in tax on the sale of a \$500,000 house.

History of sales tax increases. The chart below shows the steady rise in the King County sales tax rate over the last ten years, and shows what the rate would be in 2011 if the newest increase is approved.

<sup>1</sup> The states with higher local sales taxes would be Alabama (10%), Arizona (10.6%), California (10.75%), Illinois (11.5%), Nevada (13%), and Tennessee (9.75%).



**Rising tax burden.** Despite the ongoing economic recession, the tax burden of people living in King County has been steadily rising. This year the state legislature raised taxes by \$800 million, adding new levies for food, soda beverages and bottled water. The November ballot will include proposals to create a state income tax and a \$500 million construction bond measure. Seattle residents will be asked to renew a large-scale property tax levy, in addition to the list of special levies and bond measures already in place. Seattle Mayor Mike McGinn is proposing tax increases on electricity, water, garbage, wastewater, drainage and neighborhood parking.

**Rising personnel costs.** While leaving important public safety agencies unfunded, County officials have adopted personnel policies that lead to rising structural costs, and place day-to-day budget management outside the Council's control. County officials have agreed to collective bargaining agreements with public sector unions that lock in generous health care and pension benefits, automatic salary raises and annual step increases. Some unions have accepted temporary delays in automatic increases, but not all the County's unions have agreed to this.

In the Department of Transportation, 443 employees earned more than \$100,000 in 2009, and salaries rose as high as \$192,330. In the Department of Executive Services, 76 employees earned more than \$100,000 a year, and salaries rose as high as \$173,126. In the Department for Natural Resources and Parks, 136 employees earned over \$100,000, and salaries rose as high as \$157,767.<sup>2</sup>

County officials have also adopted overtime policies that contribute to rising personnel costs. In 2009, one King County employee earned \$228,417, receiving a base salary of \$100,552, plus an additional \$127,865.04 in overtime pay. Another employee earned \$205,605, receiving a base of \$116,353, plus an additional \$89,252 in overtime pay.

**Rising Metro costs.** One of the fastest-rising areas of County spending is Metro bus service. Drivers have received 4% pay raises every year for the last five years, making Metro drivers the third highest paid in the country, (only Boston and San Jose are higher). Metro drivers earn an average yearly income of nearly \$61,000. Of Metro's 2,300 drivers, 255 earn more than \$75,000 a year; 20 drivers

<sup>2</sup> "King County Employee Salaries," Public records data base, gross pay and overtime, 2009, The Tacoma News Tribune, at [www.thenewstribune.com/1138/](http://www.thenewstribune.com/1138/), accessed September 10, 2010.

make more than \$100,000. Salary for Metro drivers has increased by 38% since 2000.<sup>3</sup>

Recently leaders of Metro's bus drivers union refused to reconsider planned pay increases, calling for cutbacks in public services instead.

Currently, all revenues raised from 1.8% of the 9.5% county sales tax rate is directed to two public transit agencies, Metro and Sound Transit.

Tax increase would pay for pay raises. Current tax revenue is being devoted to paying for salary increases, rather than funding core services that protect the public. Deputy prosecuting attorneys have agreed to cancel a scheduled pay raise in order to preserve resources for prosecuting crimes. In the same department, however, leaders of Teamsters Local 117 are so far insisting on their scheduled salary increase, even though some of their own members may lose their jobs as a result.

In the Sheriff's department, union leaders are insisting on receiving a scheduled 5% pay increase, even though 28 deputies have received lay off notices. Budget officials say without pay raises the department has the financial resources to avoid these lay offs.

"If deputies had agreed to give up their raise, the Sheriff's Office would have saved more than \$3 million, budget officials said, and likely would have prevented any layoffs."<sup>4</sup>

Funding lower-priority programs. While important public safety agencies were left underfunded in the 2011 budget plan, County leaders directed current revenues to lower-priority spending. The County maintains a workforce of over 17,800 full-time equivalent employees. Of those, 1,473 employees earn a gross annual salary of over \$100,000, almost 50% higher than the median household income for taxpayers in the County.<sup>5</sup>

Failing to fund public safety first. When the 2010 budget was enacted, elected leaders told voters they had passed a budget that preserved basic services. Then-council chair Dow Constantine said, "The Council has crafted a budget that protects public safety, keeps parks open in the unincorporated areas, and restores funding for key domestic violence and legal aid programs. There have been many hard choices this year, but basic services have been protected..."<sup>6</sup>

Yet the current budget devotes funding to low-priority items while leaving essential public safety programs vulnerable to cuts in 2011. Following are examples of enacted spending that are less important to King County communities than crime prevention.

- \$368,000 to lobby the federal government (Section 39);
- \$426,757 to pay for memberships and dues (Section 40);

<sup>3</sup> "King County Metro bus driver wages grow out of control," by Mike Ennis, Policy Notes, Washington Policy Center, July 2010, at [www.washingtonpolicy.org/sites/default/files/MetroWagesPN.pdf](http://www.washingtonpolicy.org/sites/default/files/MetroWagesPN.pdf).

<sup>4</sup> "Prosecutor warns of fallout from potential cuts in office," by Keith Ervin, *The Seattle Times*, September 24, 2010.

<sup>5</sup> "Median Household Estimates by County: 1989 – 2008," Office of Financial Management, Olympia, Washington, at [www.ofm.wa.gov/economy/hhinc/default.asp](http://www.ofm.wa.gov/economy/hhinc/default.asp). The median household income for King County was \$65,000 in 2008.

<sup>6</sup> "King County Council unanimously adopts 2010 budget that keeps basic services on the streets, cuts costs, and increases efficiencies, Criminal justice and bus service preserved; does not use \$15.6 million rainy-day reserve fund," King County Council, November 23, 2009, at [www.kingcounty.gov/council/news/2009/November/budgADOPT.aspx](http://www.kingcounty.gov/council/news/2009/November/budgADOPT.aspx).

- \$11.9 million on art projects (Section 74);
- \$137,000 citizen counselor network (Section 79);
- \$615,000 on sports programs (Section 82);
- \$1.7 million on weed control (Section 83);
- \$18 million for new park land (Section 91);
- \$12 million for work training (Section 99);
- \$6 million for parks administration (Section 101);
- \$1.4 million to write a new staffing plan for the road services division (Section 126).
- \$339,000 per month for union workers to run the West Seattle Water Taxi.

Many of these programs are important and desirable, but none of them are more important to the public interest than courts and police protection. Even if they were not eliminated, spending less on these line-items would free up resources so County officials could fund public safety first.

## Conclusion

The crisis in King County finances is not caused by lack of money. The people of King County are generous in paying their taxes, and have provided elected officials with ample resources to fund core services. The budget crisis is caused by the County's inability or unwillingness to set clear priorities. Executive Constantine and a majority on the County Council are directing current funding to lower-priority programs and to salary increases, while leaving agencies that are essential to public safety underfunded.

When voting to make the tax increase possible, Councilmember Larry Gossett said, "Without this ballot measure, we are in danger of losing our important alternatives to incarceration..."<sup>7</sup> Councilmember Larry Phillips said, "...the voters of King County will have the opportunity to decide the fate of two critical public safety issues – preserving critical mandated regional criminal justice services and replacing the dilapidated Youth Services Center."<sup>8</sup>

This analysis finds that these statements are true only if King County's elected leaders choose to fund lower-priority line items instead of public safety programs. Statements like these indicate these Councilmembers intend to de-fund criminal justice programs if voters do not agree to a tax increase, even though current tax revenue is available for these important programs.

County officials' refusal to fund core public safety programs would leave certain laws unenforced, would lead to an increase in crime against homes, cars and businesses, and would release more dangerous offenders without trial. If elected officials follow through on their threats, more citizens would become victims of crime because of the inaction of a County government that is supposed to protect them.

<sup>7</sup> "Council sends sales tax increase to maintain public safety, replace Juvenile Justice Center to November Ballot, Adopted legislation repeals sales tax measure sent to ballot July 19," Metropolitan King County Council, July 26, 2010, [www.kingcounty.gov/council/news/2010/July/salestaxalder.aspx](http://www.kingcounty.gov/council/news/2010/July/salestaxalder.aspx).

<sup>8</sup> Ibid.

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