

What are the differences between CITY AND COUNTY FINANCES?

How can Renton or Fairwood afford to be our government if King County says it can't?

State law gives different taxing authority to Cities and to the County. The County is highly dependent on property taxes, and receives comparatively little sales tax. Under state law, the County cannot impose utility taxes or business and occupation taxes or business license fees. In contrast, cities can impose all these taxes—although neither Renton nor the proposed City of Fairwood currently (or as proposed, in the case of Fairwood) collect a business and occupations tax. The City of Renton has a strong commercial sales tax base: its major sources of revenue are property tax, sales tax and utility tax. Renton also imposes a “per-employee tax” on businesses. A new city of Fairwood would receive a small amount of sales tax per capita as compared to Renton, since Fairwood has little commercial development, and it would thus be more dependent on property taxes than is Renton.

Due to passage of Initiative 747, for both cities and the County property tax revenue growth is capped at a rate of 1% per year plus the value of new construction, absent voter approval for more. Service costs are growing faster than 1% per year for both the City and the County.

King County is required by state law to provide a variety of basic regional services (public health, public records, licensing and elections, superior and district courts and jails), and to be the local service provider in all areas outside city limits (for services such as local roads, land-use and permitting, and the sheriff).

Cities, however, have other revenue sources that tend to keep pace with the growth of service costs – such as sales tax and utility tax revenues. The County does not have this flexibility, so to balance its budget County services have had to be significantly cut in recent years. Examples of such cuts include the elimination of all park and recreation service programming and reduction in local human services programs.

King County and cities are working to annex or incorporate all areas in the urban growth boundary by 2012. Under county-wide policies, Renton agreed to be the future service provider for this area, and made the entire Fairwood / Cascade / Spring Glen area part of its “Potential Annexation Area.”

The City of Renton has long-standing policies that call for focusing future business and residential growth in the downtown area, and investing in the community to strengthen businesses and neighborhoods, diversify the City’s tax base, and encourage new development balanced between retail, office and industrial uses (such as one sees in downtown and southern parts of the City of Renton). The City also encourages high-density housing in downtown Renton for people who work for those businesses, and the redevelopment of the Boeing properties south of Lake Washington.

Similarly, if the City of Fairwood incorporated, it would have the option to adopt policies about growth, zoning and economic development, and it would have the option to levy utility tax at rates of up to 6% on utilities. It could also choose to impose a business and occupations tax or “per employee tax.”