



The County Executive has proposed a \$4.9 billion budget for 2009 to pay for a wide range of regional and local services, including bus service, roads and parks, wastewater treatment, and criminal justice.

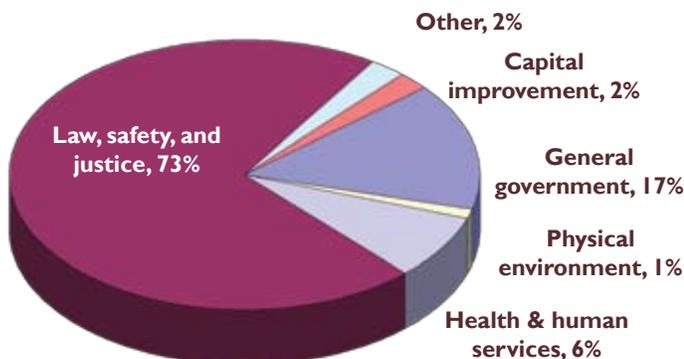
The budget is comprised of two separate types of funds: “dedicated funds” and the “general fund.”

### What is the difference between “dedicated” and “general” funds?

A dedicated fund is an account for which the revenues have been collected for a specific purpose and can only be spent for that purpose. For example, bus fares can only be spent on transit, and sewer fees can only be used to pay for wastewater treatment. Revenues from voter-approved levies, such as those for parks or Medic One, are also placed in dedicated funds. For 2009, the proposed dedicated funds total approximately \$4.3 billion, or 87 percent of the County’s total budget.

The proposed general fund of \$644 million pays for the critical day-to-day operations of County government that are not supported by any other revenues. About 73 percent pays for the County’s regional criminal justice system, which includes the Sheriff’s Office, Superior Court and District Court, Prosecuting Attorney’s Office, Office of Public Defense, and jails. The general fund also supports elections, public health, and human services. For 2009, this proposed general fund is 13 percent of the County’s total budget.

**Executive proposed  
2009 general fund expenditures  
\$644 million**



### Frequently asked questions

#### Why is there a budget shortfall?

The budget shortfall stems from a structural problem in the way County revenues are limited by state law. Counties have only two principal tax revenue sources: property tax and sales tax.

State law limits the growth in the amount of property taxes levied by counties to 1 percent per year, plus the revenues from new construction and building improvements. Established by Initiative 747 and subsequently passed into law by the State Legislature, this 1-percent limit on annual property tax increases applies to the total amount of property taxes collected by a taxing district, such as King County. For example, if \$100 million was collected from King County property owners in 2008, only \$101 million can be collected in 2009, plus any taxes on new construction.

Under this cap, county revenues have grown by 2 to 3 percent a year, buoyed by the region’s construction boom. However, the rising cost of providing the same level of public services has driven up expenses by 4 to 5 percent a year. This difference between revenues and expenses represents a “structural gap,” an ongoing challenge facing all counties in Washington state.

For 2009, this structural gap is made worse by turmoil in the national economy. Property tax revenues are depressed by the slowdown in new construction, and sales tax revenues are declining as consumers cut back on spending.

#### How can the budget gap be fixed?

In the short run, the County must make tough decisions to close the gap and balance the budget.

The Executive Proposed Budget calls for significant reductions in all major program areas. The Council has declared public safety,

## What is King County's budget outlook for 2009?

For 2009, the King County Executive is projecting a \$93 million shortfall in the general fund budget. The county must have a balanced budget, and to meet this requirement, significant expenditure cuts will be needed.

## Where do my tax dollars go?

King County collects revenues on behalf of all taxing districts within the county, including cities, school districts, and other special districts such as sewer, water, and library districts. Although King County collects the taxes, the County's general fund receives only 15 CENTS of every property tax dollar collected. Of the rest, 52 cents goes to schools, 31 cents to local and city services, and 2 cents to the Port of Seattle.



King County residents currently pay a 9 percent sales tax. The state keeps 6.5 percent, 1.3 percent goes to Metro Transit and Sound Transit, 0.1 percent is set aside for mental health services, and the remaining 1.1 percent is split between cities and the County.

## When are budget decisions be made?

- October 13: The Executive submits his proposed budget.
- October - November: County Council holds public hearings and prepares a final budget.
- November 24: Scheduled date for Council adoption of 2009 budget.
- December: Adopted budget sent to Executive for signature.

## Who is on the Council's Budget Team?

Councilmember Larry Phillips, Chair,  
Budget Review and Adoption Committee  
Councilmember Jane Hague  
Councilmember Bob Ferguson  
Councilmember Kathy Lambert

health and quality of life as its first priorities for the 2009 budget, and will carefully examine all proposed reductions and find all savings and efficiencies in order to adequately fund core public services.

In the long run, the "structural gap" must be addressed. In the upcoming legislative session, the County will be working closely with the State to identify funding solutions and generate new opportunities for savings that can help counties throughout Washington remedy this structural problem.

## *If property taxes are capped, why have my taxes gone up by more than 1 percent?*

The 1-percent cap does not limit the amount that can be levied on each individual property. Individual tax bills do increase by more than 1 percent, primarily through voter-approved levies for schools, parks, roads, and other public projects. These levies are not subject to the 1-percent cap, and in 2008, 40 percent of the average tax bill in King County was attributed to voter-approved levies. For example, 83 percent of county voters approved the Medic One emergency medical services levy in November 2007. This levy increased the 2008 property tax bill on a \$400,000 home by \$120.

## *Property values have risen significantly in recent years. Why hasn't the tax roll benefited?*

Property values do not affect the amount of tax revenue collected by the County. The property tax rate for each property is calculated by dividing the total pool of allowable revenue by the total value of all property in the jurisdiction. Using the previous example, if \$101 million is the maximum allowable revenue in 2009 and the total value of all property in King County is \$100 billion, the property tax rate will be \$1.01 per \$1,000 of assessed value. If the total property value rose to \$200 billion, the tax rate would actually decline to \$0.505 per \$1,000 of assessed value. In short, whether the total value of all property is \$100-, \$200-, or \$500-billion, the county receives the same \$101 million in revenue.