



## Revise the outdated property tax cap

A broad coalition of local leaders comes together to ask the Legislature to take a long-overdue action and revise the outdated 1% property tax revenue cap that's stood stagnant for more than a generation.

**We ask for an update with a new cap tied to inflation, but not to exceed 3%.**

This modest, sensible change allows local elected officials to adjust local property tax revenue to better serve our communities and keep up with the rising costs of providing basic services like police, fire, streets, and valued community amenities like parks.

The current 1% cap creates a structural deficit in local government budgets, causing many to struggle with funding critical community

needs. The cap also reduces the ability to respond to emerging issues and diminishes our capacity to serve our state's growing population. A small property tax revision is just one option that could really help us.

*Between 2010 and 2025 the state population grew 21% and will grow another 21% by 2050*

**3% inflation**

The historical average CPI for the last decade, even with 2022 record high inflation.

**The cap makes it difficult to sustain vital local public services like:**

- Police, courts, & jails
- Fire & emergency response
- Public health programs
- Libraries
- Emergency shelter
- Parks & recreation
- Local streets, sidewalks, & transportation

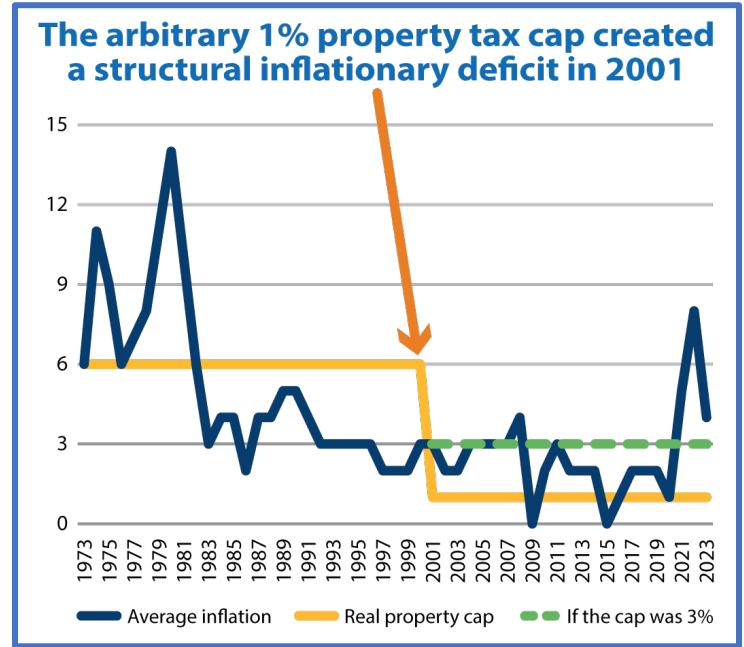
Without a change, local government can't sustain these and other services to keep up with our residents' needs. For a generation, local governments have managed to band-aid over this structural deficit while being called on to do more with less—but we are at the tipping point.

**Going from a 1% revenue cap to 3% does not triple property taxes**

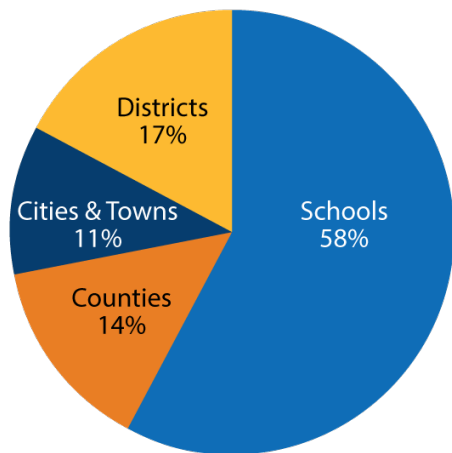
Washington's property tax system is complex—tax rates are a function of how much *revenue* a jurisdiction can collect, combined with the overall assessed value. Increasing a city's revenue cap means that the increased cost for an average homeowner is actually **less than \$20 per year**.

**Property tax is less regressive**

While some suggest that local governments should use levy lid lifts or other revenue sources to address local budget impacts, these options don't address ongoing needs. Levy lid lifts only last up to six years—You can't hire a police officer or a firefighter for only six years.



**Where property taxes went in 2023**



*Note: Districts include Parks, Library, Transit, Port, Fire, EMS, etc.*

Other revenue sources like sales or utility taxes are not available to all local governments and can be volatile and unpredictable. Some communities lack the retail base to generate sufficient sales tax revenue to support basic services. Other revenue sources are generally more regressive, hitting our low-income residents the hardest. Property taxes are less regressive, where higher-value properties pay their fair share. Plus, several programs exist to help low-income and senior households with their property tax burden. Finally, elections can be costly for local governments and campaign restrictions limit public communications on ballot measures.

**Lifting the property tax cap is not an automatic increase**

Allowing local elected officials the option to raise their property tax up to inflation (but never more than 3% without the vote of the people) puts the power back into our communities. Local officials have a high rate of trust from constituents and are immediately accountable to the voters. Legislative action does not mean an automatic tax increase. Instead, it allows for thoughtful local debate and discussion about what options will work best in each community.

**Now is the time to act, if we don't, many vital services may not be around in another 20 years.**

**The history of the 1% cap**

Before 2001, local governments could increase their property tax revenue collections up to 6% per year, a limit that was adopted in 1973. An initiative created the 1% cap in 2001. Most vexingly, the 1% cap was chosen arbitrarily by initiative drafters with the intended goal of restricting government budgets.