



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 6, 2016

Motion 14673

Proposed No. 2016-0284.1

Sponsors Kohl-Welles and Dembowski

1 A MOTION adopting economic factors to consider during
2 annual levy increases for the best starts for kids levy.

3 WHEREAS, Ordinance 18088 providing for the submission of the best starts for
4 kids levy to the qualified electors of King County was adopted by the metropolitan King
5 County council on July 20, 2015, and approved by the executive on July 23, 2015, and

6 WHEREAS, King County voters approved King County Proposition No. 1 on
7 November 3, 2015, authorizing a six-year property tax levy lid lift for the purpose of
8 funding prevention and early intervention strategies to improve the health and well-being
9 of children, youth and their communities, and

10 WHEREAS, Ordinance 18088 contained a limit factor for annual levy increases
11 of the best starts for kids levy of one hundred three percent, and

12 WHEREAS, Ordinance 18088 required that the executive shall transmit to the
13 council for approval by motion a policy that identifies the economic indicators the
14 council should consider each year in determining the percentage by which to increase the
15 levy for the subsequent year;

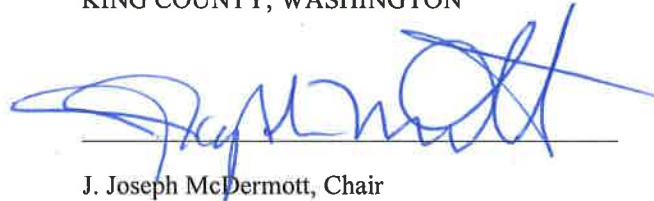
16 NOW, THEREFORE, BE IT MOVED by the Council of King County:

17 Best Starts for Kids: Economic Factors to Consider During Annual Levy Increase,
18 Attachment A to this motion, is hereby adopted.
19

Motion 14673 was introduced on 6/13/2016 and passed by the Metropolitan King County Council on 7/5/2016, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Best Starts for Kids - Economic Factors to Consider During Annual Levy Increase

Attachment A: Best Starts for Kids: Economic Factors to Consider During Annual Levy Increase

The adopted Best Starts for Kids (BSK) Ordinance 18088, authorized a property tax levy lid lift “at a rate not to exceed fourteen cents per thousand dollars of assessed value in the first year” and authorized a levy limit factor of “one hundred three percent.” This limit factor means that the maximum revenue generated by the BSK levy on existing properties may be increased by up to three percent annually, in addition to revenues based on new construction. This attachment describes a proposed policy for factors that the King County Council should consider when deciding the annual increase of the BSK levy rate each year, up to the maximum of three percent.

Policy

This policy establishes a framework as consideration for the County Council in setting the levy rate; the Council retains the authority to establish an annual levy rate that differs from this formula.

In a given year, this policy recommends that the Council consider increasing the BSK levy by the lesser of:

- (a) three percent, which is the limit factor stated in Ordinance 18088, or
- (b) the combination of the Seattle Consumer Price Index (CPI-W) and King County’s population growth rate (referred to below as the “economic growth index”).

Additionally, the Council should consider a floor of zero percent for the annual change, which would maintain current revenue levels even if the economic growth index is below zero.

The County should consider this economic growth index each year because it provides a merged index that is a proxy for drivers of the County’s costs of service:

- CPI-W tracks the change in price over time of a representative basket of goods and services, which is a proxy for economy-driven inflationary cost increases.
- Population growth is a proxy for how many people are eligible for the County’s provided services.

In other words, this combined index represents likely cost increases in the BSK program over time due to increases in the number of people served (population growth) and inflationary cost increases per-person (CPI-W). Linking BSK’s source of revenue to these cost factors creates a sustainable long-term future for this fund.

Process and Data Sources

The CPI-W is a statistical series produced monthly by the U.S. Bureau of Labor Statistics (BLS). Each August, the King County Forecast Council adopts a forecast of the CPI-W, based on the rate published by BLS for the CPI-W for the Seattle-Tacoma-Bremerton area. This policy recommends that each year the Council consider the King County Forecast Council’s adopted August forecast for CPI-W, or the July forecast if an August forecast is not available.

The population forecast will be based on a 10-year rolling average of historical population growth in King County, with the annual average growth rate over that period used in determining the economic growth index. The source of the historical population information will be The Washington State Office of Financial Management.