
Pierce County Residents to Vote on Tax for Parks

On September 19, Pierce County residents will vote on whether to increase local sales taxes by one-tenth of 1 percent.

The Pierce County Council on July 11 asked the County Auditor to place a proposition including this tax increase on the September 19, 2000 ballot.

The proposed ballot title: "Shall there be imposed a sales and use tax equal to one-tenth of one percent (0.001%) within Pierce County to provide funds to acquire, improve, rehabilitate, maintain, or develop regional and local parks; to improve, rehabilitate, maintain or expand accredited zoo, aquarium and wildlife preserves pursuant to Revised Code of Washington 82.14.400(6); for community-based housing; and to implement the creation of a zoo and aquarium advisory authority?"

The following report includes a description of the state legislation authorizing Pierce County to put a sales-tax measure on the ballot, a description of the Metropolitan Park District of Tacoma, a brief analysis of the revenue the tax increase would raise and how it would be distributed, a brief discussion of the problems besetting the Point Defiance Zoo and Northwest Trek Wildlife Park, and comments on the ballot measure.

THE LEGISLATURE

In 1999, the Legislature passed ESHB 1547, and in 2000 it amended that law with passage of EHB 3105.

The amended law provides that a ballot measure must either allocate 100 percent of the tax revenue for the Zoo, aquarium and wildlife preserve and display facilities, or 50 percent for them and 50 percent for parks across the county, depending on upon the joint request.

If the 50-50 option is pursued, half the revenue is allocated per capita to the Park District. The other half is allocated to the cities and towns not contained within the District and to the county, based on the population of the county's unincorporated areas outside the District.

The 50-50 option is the one on which Pierce County residents will vote.

The law also requires the following:

- The county must establish a process to consider park needs throughout its unincorporated areas in consultation with community advisory boards.
- The county cannot use any park revenues received to replace or supplant existing per capita funding.
- After December 31, 2005, the county and any city with a population over 80,000 must match every \$2 of park tax revenues received with at least \$1 from other sources.
- Some of the park tax revenues must be spent on properties (Fort Steilcoom) that are the subject of a memorandum of agreement between the Federal Bureau of Land Management, the Advisory Council on Historic Preservation, and the Washington State Historic Preservation Officer. Within the first four years of the tax, the county and the city where the properties are located, Lakewood, must each allocate \$50,000 of their park tax revenues for these properties. Additionally, the county and the city must each spend \$25,000 from other sources on these properties.
- In lieu of a tax collection administration fee, the Department of Revenue must deduct 1 percent of the tax collected. This deduction is made from the revenues dedicated for parks. The deduction lasts for 12 years.

The deducted revenues are transferred to the Department of Community, Trade and Economic Development (CTED). The CTED must use these revenues to provide community-based housing for people who are mentally ill.

Before the Legislature amended it in 2000, the 1999 law had no provision for a tax-collection fee, even though state law allows the Department of Revenue to keep up to 2 percent of local-option sales taxes to cover administrative costs. The amendment to the law providing for the 1 percent deduction, according to news reports, resulted from insistence on its inclusion by Sen. Lorraine Wojahn, D-Tacoma, who opposed amending the law.

The law, as passed in 1999, provides that as part of the process whereby the Park District, Tacoma and Pierce County of submit the tax-increase proposal to voters, the three entities draw up an interlocal agreement pertaining to the Zoo, Trek and sales tax.

On July 11, 2000 the Pierce County Council adopted a resolution acknowledging the receipt of joint requests from Tacoma and the Park District calling for the September 19 vote on the proposed sales-tax increase, and authorizing the County Executive to execute an interlocal agreement with Tacoma and the Park District. The resolution referred to the joint request to the Pierce County Auditor to place the proposition on the ballot.

The interlocal agreement concentrates on the details of the advisory body required by the new law, which, although named the Zoo and Aquarium Advisory Authority in the state law, is referred to as the Zoo and Trek Authority (ZTA) in the interlocal agreement. Voter approval of the ballot measure includes creation of the ZTA.

The ZTA is to consist of seven members – three appointed by the Pierce County Council, two by the Tacoma City Council, and two jointly appointed by legislative authorities of the remaining cities, representing at least 60 percent of the combined populations of the cities.

Among other things, the ZTA is to review and approve strategic business and development plans prepared by Zoo and Trek staff. Once adopted by the ZTA, these plans go to the Park District for final adoption as part of the District's capital facilities and business plan.

The ZTA also is to “approve an annual budget for the expenditure of the sales and use tax revenue authorized under the Act for expenditure on Zoo and Trek property, facilities, and operations for each calendar year,” according to the agreement. “Upon approval of the budgets for Zoo and Trek by both the ZTA and MPD Board of Park Commissioners, Pierce County shall submit the sales and use tax revenues received by the ZTA to MPD for use on behalf of Zoo and Trek as detailed in the adopted budgets.”

The permitted uses of the revenues produced by the tax are for providing funds for the costs associated with the maintenance, construction and improvements of zoo, aquarium, and wildlife preservation and display facilities that are currently accredited by the American Zoo and Aquarium Association.

THE METROPOLITAN PARK DISTRICT

The Park District is an independent junior taxing district, authorized by in state law. With voter approval, the District was formed in 1907. Its territory includes the City of Tacoma and a small unincorporated area known as Dash Point-Browns Point, northeast of the city.

The District is governed by an elected board of park commissioners, comprising five members, serving 6-year terms, with no compensation. Commissioners may stand for re-election one time only.

The District is Washington’s only independent park district. Elsewhere, independent park districts are found in Oregon in the Midwest.

If the ballot measure passes, the newly created Zoo and Trek Authority (ZTA) will control expenditures of the additional tax revenue. The Zoo and Trek will present their annual budgets for expending the revenue to the ZTA for approval. Once approved, the budgets will pass to the Park District.

Second Time Around

Acting on the 1999 bill’s provisions, the Park District and Tacoma asked the Pierce County Council to put the measure up to countywide vote on September 14 of last year. A divided council, however, refused to do so.

In a July 26 letter to the News Tribune, Councilwoman Jan Shabro explained her bloc’s opposition to the measure: “As the measure is written, Pierce County citizens are asked to increase the sales tax to fund only two regional parks when there are other regional facilities that merit attention.” Shabro and three other council members wanted a wider distribution of the tax revenue. “If the state had passed legislation that allowed for the tax monies to support other Pierce County regional facilities as well as the zoo and Trek, I would not debate the issue,” she said.

Shabro called for amending the new state law: “The Metropolitan Park District, Tacoma and Pierce County need to go to Olympia and convince the state Legislature to change the scope of this law.”

During the 2000 legislative session, lawmakers amended the law.

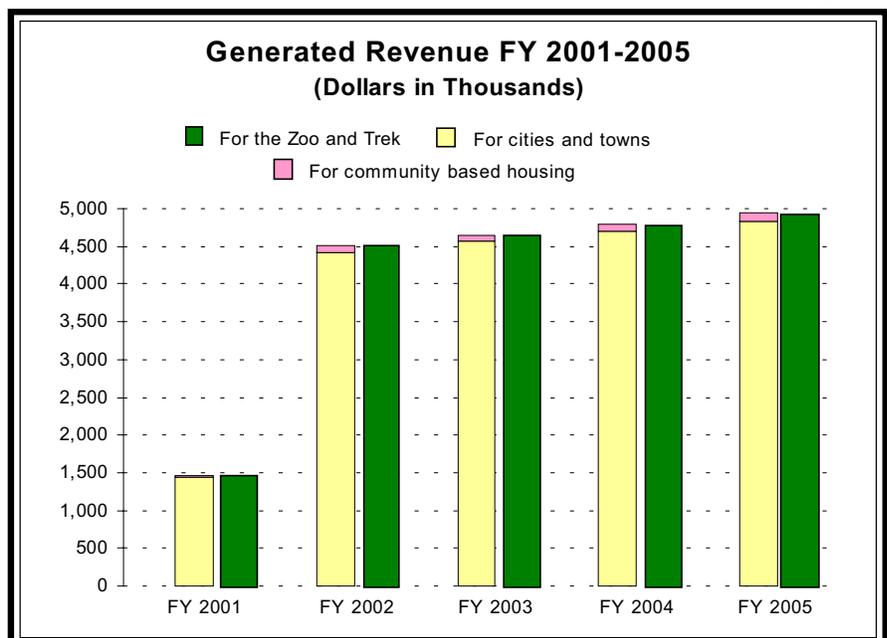
FIGURE 1

NEW REVENUE

According to the Department of Revenue, the ballot measure if approved would generate the following revenue, beginning April 2000 (See Chart)

The accompanying chart shows the revenue the ballot measure will produce if approved. The Department of Revenue made the revenue estimates. The tax increase will take effect April 1, 2001.

For the Zoo and Trek, revenue will start at an estimated \$1.462 million in fiscal 2001 (not a full year) and rise to \$4.937 million by 2005. For cities and towns, revenue



Tax Revenue Distribution for Parks					
	Population	Percentage of Toatal Population	Estimated Tax Revenue Distribution		
			2001	2002	2003
Unincorporated					
Pierce County	314,945	44.6%	1,683,389	2,019,503	2,120,478
Auburn (part)	375	0.1%	2,004	2,405	2,525
Bonney lake	10,280	1.5%	54,947	65,918	69,214
Buckley	4,040	0.6%	21,594	25,905	27,201
Carbonado	655	0.1%	3,501	4,200	4,410
Du Pont	2,080	0.3%	11,011	13,209	13,870
Eatonville	1,990	0.3%	10,637	12,760	13,398
Edgewood	10,830	1.5%	57,887	69,445	72,917
Fife	5,100	0.7%	27,260	32,702	34,388
Fircrest	5,955	0.8%	31,830	38,185	40,094
Gig Harbor	6,575	0.9%	35,144	42,160	44,269
Lakewood	63,790	9.0%	340,959	409,037	429,489
Milton (part)	4,840	0.7%	25,870	31,035	32,587
MPD*	192,200	27.2%	1,027,314	1,232,433	1,294,054
Orting	4,030	0.6%	21,540	25,741	27,133
Pacific (part)	190	0.0%	1,016	1,218	1,279
Puyallup	30,940	4.4%	165,375	198,395	208,314
Roy	370	0.1%	1,978	2,373	2,491
Ruston	755	0.1%	4,035	4,841	5,083
South Prairie	485	0.1%	2,592	3,110	3,265
Steilacoom	6,250	0.9%	33,406	40,076	42,080
Sumner	5,605	1.2%	45,994	55,177	57,936
University Place	30,310	4.3%	162,008	194,355	204,073
Wilkeson	430	0.1%	2,298	2,757	2,895
Total	706,000	100.0%	3,773,588	4,527,041	4,753,393

*Tacoma does not receive a distribution; instead a distribution is made to the Metropolitan Park District.

Assumptions:

- Base population from OFM April 1, 2000
- Population distributions remain constant among jurisdictions.
- Adjustment for MPD is estimated at +5000 with -5000 for unincorporated allocation.
- Sales tax estimates for 2001 assume a partial year collection.
- 1% for Housing is dedicated for community based-housing.

Courtesy of Pierce County

FIGURE 2

will start at \$1.433 million in fiscal 2001 and rise to \$4.838 million by 2005. For community-based housing, revenue will start at \$29,000 in fiscal 2001 and rise to \$99,000 by 2005.

THE ZOO AND TREK

Although the idea of spreading the funding of the Zoo and Trek to all Pierce County residents has been discussed for some time, it is only within the past two years that funding problems besetting the Zoo and Trek evidently have become so critical that steps have been taken to regionalize the funding. But for these problems, it is unlikely that Pierce County residents would see a tax-increase measure on the September ballot.

The Park District owns the Zoo and Trek, and lately the District has faced the prospect of having to make do with less property-tax revenue. In 1998, the District collected close to \$7 million from property taxes. This year, that amount has fallen to about \$5 million, or 23 percent of the District's \$22 million budget. (See figures 3 and 4)

The problem is, the Park District is a junior tax district whereas the county and the City of Tacoma are senior tax districts. Given the state legal structure of the

property tax, which lids property-tax rates and increases for the county as a whole and for its local jurisdictions, this means that when the county and Tacoma elect to set their property-tax rates at the maximum allowed by law, the Park District may have to decrease its rate. And just that has occurred during the past two years.

By state law, the Park District may assess the property of its residents at rates limited to a maximum of 75 cents per \$1,000 of assessed valuation. The District is guaranteed a minimum of 50 cents. Four years ago, the District's rate was 75 cents. Because of county property-tax increases during the past several years, the District's rate has fallen and now stands at

Metropolitan Park District of Tacoma Property Tax						
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Collections at Levy of \$0.75 per 1,000	\$6,264,150	\$6,591,971	\$6,902,583	\$7,080,523	\$7,292,938	\$7,500,000
Loss to Pierce County	-	(389,366)	(437,164)	(979,945)	(1,771,988)	(2,500,000)
Actual Collection	6,264,150	6,202,605	6,465,419	6,100,578	5,520,950	5,000,000
Actual Levy Rate	0.7500	0.7057	0.7025	0.6462	0.5678	0.5000
				Total Loss	(3,578,463)	(6,078,463)

FIGURE 3

52 cents, representing a decrease of nearly 31 percent.

As a result, the District has had to tighten its belt. During the past three years, it cut its staff from 280 to 215. This year, it has trimmed operations, for instance by decreasing the hours of their community centers, decreasing summer playground programs and deciding not to open the two outdoor pools. And now, officials say, the District can no longer afford to increase its Zoo and Trek subsidies, which are hovering around 20 percent of their budgets. This compares, they say, with the national subsidy average of 40 percent for zoological facilities.

Year	Tacoma Metro Parks Budget			
	Metro Parks Total Budget	City of Tacoma Contribution	Metro Parks subsidy for	
			Point Defiance Zoo	NW Trek Wildlife Park
2000	22,980,385	4,770,126	1,100,000	219,946
1999	24,482,814	5,109,757*	1,754,782	426,787
1998	24,824,238	5,036,452	1,463,430	845,817
1997	25,959,678	5,110,874	1,190,000	537,836
1996	24,959,179	5,155,329	1,177,955	668,147

*The District received \$519,000 additional one-time support from the City, and an additional \$69,000 for bridge financing for police protection for total support of \$5,697,757.

FIGURE 4

Without a subsidy increase, according to the District, the Zoo is falling into disrepair, and its accreditation by The American Zoo and Aquarium Association is threatened. Without a subsidy increase, the Trek is unable to open new exhibits, without which attendance and revenue may fall.

In March 1999, a bond measure raised \$35 million for the Zoo and Trek, but only for capital improvements, not for maintenance and operations.

Following site inspection by The American Zoo and Aquarium Association during the spring, the Park District received a May 11 letter listing “critical issues” at the Zoo. It said:

- ❑ For continued accreditation, the Zoo must acquire “a means of reliable financial operating support.”
- ❑ The District should accelerate design and contractual steps to deal with “the condition of roofing, filtration, exhibits, and various infrastructure problems.”

- ❑ “Staffing levels must be raised and staff development/training efforts must be re-instituted. Of particular concern are the lack of dedicated security personnel and the need for veterinary technical support.” Also, “additional Education program staff are necessary.”
- ❑ The new animal hospital’s construction should move forward quickly, and the Zoo will need more people to staff it.
- ❑ The Zoo needs to restructure its management according to “best practices within the profession

ISSUES

Regional Facilities

The main idea behind ballot measure is that the Zoo and Trek are regional parks in need more funding, and because they are regional, the entire county should help finance them. Supporters of the 1999 legislation authorizing the ballot measure testified to this effect. They included representatives of the Metropolitan Park District, the Northwest Trek Advisory Council, the Pierce County Labor Council Operating Engineers and the Point Defiance Zoo.

Tacoma subsidy

The Zoo and Trek have benefited from subsidies to the Park District from the City of Tacoma, which has no parks department of its own. For this year, the subsidy is nearly \$5 million, accounting for about 25 percent of the District’s 2000 budget.

A District spokeswoman says District officials fear that Tacoma, suffering its own budgetary problems, may stop subsidizing the District if the tax-increase measure passes. Tacoma residents have been the ones paying taxes to support the Zoo and Trek. They pay property taxes to the Park District and to service the \$35 million bond issue. They also pay city taxes that subsidize the Park District.

Tacoma Mayor Brian Ebersole favors the ballot measure, but next year the District will receive less money from Tacoma regardless of whether the measure is approved or rejected. He has given orders for an across-the-board budget cut of 2 percent, including the Park District subsidy.

Supplanting

Although the cities and towns receiving their portions of the sales-tax increase supposedly are to use the revenue for their parks, their elected officials will decide how to spend the funds. The 1999 state law authorizing the tax increase does not prevent these officials from diverting funds they have previously dedicated to parks to other uses, and supplanting those funds with the revenue from the tax increase.



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Competitiveness

How will higher sales taxes in Pierce County affect its competitive position it in relation to sales taxes in neighboring counties? The following is a list of relevant sales-tax rates as of April 2000 (See Table)

Approval of the ballot measure would raise sales taxes throughout Pierce County by 0.1 percent. That would increase the highest rate in the county to 8.5 percent. But several jurisdictions would still have tax rates that are lower than those in nearby counties.

The tax rate for most jurisdictions in King County 8.6 percent, and 8.2 percent is the lowest rate. The tax rate in Kitsap County is 8.2 percent everywhere, and in Thurston County 8 percent everywhere. A tax increase of 0.1 percent in Pierce County would not appear to produce any significant effect on the county's competitiveness.



<u>0.086</u>	Current Sales Tax Rates in Region
King County	
Algona	
Auburn/King	
Beaux Arts Village	
Bellevue	
Bothell/King	
Burien	
Clyde Hill	
Des Moines	
Federal Way	
Hunts Point	
Issaquah	
Kenmore	
Kent	
Kirkland	
Lake Forest Park	
Medina	
Mercer Island	
Milton/King	
Newcastle	
Normandy Park	
Pacific/King	
Redmond	
Renton	
Sammamish	
Sea-Tac	
Seattle	
Shoreline	
Tukwila	
Unincorporated King County	
Woodinville	
Yarrow Point	
	<u>0.082</u>
	King County
	Black Diamond
	Carnation
	Covington
	Duvall
	Enumclaw
	Maple Valley
	North Bend
	Skykomish
	Snoqualmie
	Kitsap County
	Bainbridge Island
	Bremerton
	Port Orchard
	Poulsbo
	Unincorporated Kitsap County
	<u>0.080</u>
	Pierce County
	Buckley
	Gig Harbor
	Thurston County
	Bucoda
	Lacey
	Olympia
	Rainier
	Tenino
	Tumwater
	Unincorporated Thurston County
	Yelm
	<u>0.077</u>
	Pierce County
	Carbonado
	Eatonville
	Roy
	South Prairie
	Wilkeson
<u>0.084</u>	
Pierce County	
Auburn/Pierce	
Bonney Lake	
DuPont	
Edgewood	
Fife	
Fircrest	
Lakewood	
Milton/Pierce	
Orting	
Pacific/Pierce	
Puyallup	
Ruston	
Steilacoom	
Sumner	
Tacoma	
Unincorporated Pierce County	
University Place	

FIGURE 5