Washington State Association of Counties
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FREQUENTLY ASKED QUESTIONS

How are county governments financed?

County governments are financed primarily by two sources: property taxes and sales and use taxes. However, property tax growth is capped at 1% plus the value of new construction with the passing of I-747 in 2001. While this Initiative was found unconstitutional by the Supreme Court, the Legislature subsequently reenacted it, permanently capping property tax revenues. Counties also receive a portion of state and federal shared revenues. Unlike the state and cities, counties do not have the flexibility to be able to impose other types of taxes. Additionally, sales tax collections have become increasingly challenging with the GMA allowing cities to annex large tax-paying businesses into their jurisdictions.

What is the Washington State Association of Counties' (WSAC) Fiscal Sustainability Initiative?

The Fiscal Sustainability Initiative is an effort to advance new revenue generation and cost containment options to improve the fiscal health of county governments. As counties face the grim reality of costs outpacing revenues, WSAC is leading an effort to give counties greater local control and flexibility to be able to address their needs and restore and maintain essential public services.

Why is the Fiscal Sustainability Initiative necessary?

County governments across the state are facing a financial and service delivery crisis. The cost of providing essential public services is outpacing the growth of revenue, leaving counties to try to cut their way out of the problem. But, with the limited revenue growth structure currently in place, counties are unable to keep up financially with growing expenses. This has led to the erosion of public services, county workforce and essential programs. Changes are needed now to stop the erosion of critical public services, enable counties to keep pace with inflation, and provide communities with greater local control.

Have counties tried to address this issue through other means?

Yes. Counties have tried to address this issue within their current fiscal structure, taking actions such as reducing their workforce by 11% over the last five years, implementing permanent and temporary furloughs, substantially cutting programs and services, tapping cash reserves, transferring or shifting funds from other sources, using process improvement strategies like LEAN management, eliminating capital expenditures and delaying road construction. While these measures have helped, they have not solved the problem. Counties are already or nearly failing to meet local demands for essential public services, which has led to public health and safety risks.

Have counties used all local options to address this issue?

Counties are diverse in their population, services and needs, and not all options make a significant impact to cost containment or revenue generation. Counties need more options to have the flexibility to address local needs.

Why is now the right time to launch this initiative?

Counties are on the verge of a financial and service delivery crisis. Costs for federal and state-mandated programs and services are rising 3-5% annually, while revenue is remaining relatively flat. Counties are limited in their abilities to control costs and generate revenue, but have made cuts to essential public services to try to counteract the cost growth. However, changes like reducing county workforce, cutting programs and services, implementing process improvement strategies and delaying capital expenditures have only provided temporary financial relief and lead to unacceptable further public health and safety risks.

What if solutions posed by WSAC aren't applicable to my county?

We understand counties are diverse and that there is no "one-size-fits-all" formula. One of the goals of the Fiscal Sustainability Initiative is to give counties greater local control to be able to address problems and shortfalls that are specific to their citizens. We want your feedback on how the current structure is impacting your county and what solutions would be most helpful to your local needs.

My County isn't experiencing a crisis right now. Isn't this just an issue because of the recession?

No. The cost of providing federal and state-mandated services continues to grow 3-5% annually, while limitations on revenue remain and revenue generation itself is remaining relatively flat. This leaves no way for a county to cut or grow its way out of the problem. It is a long-term fundamental problem that is affecting the essential public services counties provide, and will continue to affect future programs unless there are significant structural changes made. Even counties who are not feeling the strain of this issue at the moment, will soon.

What can counties do to support this initiative?

Counties can support this initiative by sharing feedback on how the current cost and revenue structure is impacting their ability to deliver essential public services to their citizens. Counties are also encouraged to share their ideas on the cost and revenue reforms that would be most helpful to their local needs and those that they would be most likely to support.

Who should I contact to provide feedback or get additional information?

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