

Initiative 1033

Cowlitz Economic Development Council

September 16, 2009





I-1033 General Information

- Statewide initiative sponsored by Tim Eyman, Leo Fagan, and MJ Fagan
- 315,444 signatures submitted to Secretary of State's office by July 2, 2009 deadline
- I-1033 to appear on the November ballot

The background of the slide features a close-up, slightly blurred image of several US dollar bills. The bills are stacked and overlapping, with various denominations visible, including a \$50 bill and a \$20 bill. The green and white colors of the currency are prominent.

I-1033 General Information

The initiative seeks to:

- Limit growth in state revenues deposited in funds subject to state expenditure limit
- Limit growth in county and city revenues deposited into the county and city current expense funds
- Allow state, county, and city general fund revenues to grow by the rate of inflation and population growth
- Create a “Lower Property Taxes Account” into which revenues above the limit would be deposited
- Allow for voter-approved revenues outside the limit

A vertical strip on the left side of the slide shows a stack of US dollar bills, including a \$20 bill and a \$50 bill, with some numbers and text visible.

I-1033 General Information

Digging deeper:

- Any time general fund revenue decreases a new and lower base year would be established
- Any negative change in inflation or population could decrease the limit on revenues
- However, cities/counties are allowed to use reserve funds to supplement general fund revenue when revenue is below the limit


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OFM Fiscal Impact Statement

The Office of Financial Management was required to produce a fiscal impact statement by August 10, 2009

The aggregate general fund reduction by 2015 is estimated to be:

- \$5.9 billion for the state
- \$694 million for counties
- \$2.1 billion for cities



Initiative 1033

(pro vs. con)

- Pro

- Reduction in property tax levy
- Voter control over rate of growth in general fund spending and service delivery

- Con

- Reduces general fund revenues
- Limits City's ability to deal with unanticipated costs, such as emergencies
- No incentive for economic development
- Expanded service responsibilities without the revenue source
- Costs of governmental services rise faster than the US implicit price deflator
 - Employee healthcare insurance premiums
 - Utilities
 - Mandated pension contributions
 - Costs for construction/maintenance materials
- Annexations may become less desirable

I-1033 Formula Ingredients

City of Longview

Year	Population	% Population Change	% Inflation Change (IPD)
CY 2003	35,290		
CY 2004	35,340	0.14%	2.0%
CY 2005	35,430	0.25%	2.6%
CY 2006	35,570	0.40%	2.9%
CY 2007	35,710	0.39%	2.8%
CY 2008	35,880	0.48%	2.6%

City of Longview I-1033 Fiscal Impact Formula

Year	Revenue	x	% Pop Change	x	% Inflation Change	=	Revenue Limit
CY 2004	\$20,477,917	X	1.0014	X	1.0200	=	\$20,916,718
CY 2005	\$20,309,236	X	1.0025	X	1.0260	=	\$20,889,369
CY 2006	\$20,889,369	X	1.0040	X	1.0290	=	\$21,581,141
CY 2007	\$21,581,141	X	1.0039	X	1.0280	=	\$22,271,936
CY 2008	\$22,271,936	X	1.0048	X	1.0260	=	\$22,960,691



City of Longview I-1033 Fiscal Impact Statement

Year	Revenue Limit	Actual Revenue	\$ Over/Under Revenue Limit
CY 2004	\$20,916,718	\$20,309,236	(\$607,482)
CY 2005	\$20,889,369	\$22,665,894	\$1,776,525
CY 2006	\$21,581,141	\$23,528,419	\$1,947,278
CY 2007	\$22,271,936	\$24,852,379	\$2,580,443
CY 2008	\$22,960,691	\$24,640,299	\$1,679,608

Note: Assumes I-1033 had been in place

City of Longview

I-1033 Fiscal Impact Statement

Year	\$ Over/Under Revenue Limit	Transfer to "Lower City Property Taxes Account"	Actual Property Tax Levy	Property Taxes After "Lower Prop Tax Transfer"
CY 2004	(\$607,482)	\$0	\$7,067,405	\$7,067,405
CY 2005	\$1,776,525	(\$1,776,525)	\$6,784,951	\$6,784,951
CY 2006	\$1,947,278	(\$1,947,278)	\$6,910,183	\$5,133,658
CY 2007	\$2,580,443	(\$2,580,443)	\$7,227,142	\$5,279,864
CY 2008	\$1,679,608	(\$1,679,608)	\$7,472,452	\$4,892,009

Note: Assumes I-1033 had been in place

City of Longview

I-1033 Fiscal Impact Statement

Year	Actual Property Tax Levy	Actual Levy Rate	Property Taxes After "Lower Prop Tax Transfer"	Levy Rate After "Lower Prop Tax Transfer"
CY 2004	\$7,067,405	\$3.60	\$7,067,405	\$3.60
CY 2005	\$6,784,951	\$3.60	\$6,784,951	\$3.60
CY 2006	\$6,910,183	\$3.60	\$5,133,658	\$2.67
CY 2007	\$7,227,142	\$3.14	\$5,279,864	\$2.30
CY 2008	\$7,472,452	\$2.88	\$4,892,009	\$1.88

Note: Assumes I-1033 had been in place

I-1033 City of Longview Property Tax Relief

(Assumes \$200,000 assessed value)

2008 Levy without I-1033

$$\$2.88 \times 200 = \$576.00$$

2008 Levy with I-1033

$$\$1.88 \times 200 = \$376.00$$

2008 I-1033 savings on a \$200,000 home = \$200.00



City of Longview I-1033 Fiscal Impact Statement

Year	Total General Fund Revenue w/ I-1033	Total Actual General Fund Expenditures	Revenues less Expenditures (Service gap)
CY 2004	\$24,167,747	\$24,344,033	(\$176,286)
CY 2005	\$24,721,777	\$25,079,230	(357,453)
CY 2006	\$25,951,088	\$26,767,827	(\$816,739)
CY 2007	\$26,741,029	\$28,886,417	(\$2,145,388)
CY 2008	\$27,139,029	\$31,029,870	(\$3,890,841)

Service gap = reduction in spending

City of Longview General Fund Service Departments

Department:	2008 Appropriation
General Government (Legislative, Exec, Legal, Finance, IT and HR)	\$3,620,160
Judicial	\$603,100
Police	\$9,471,200
Fire	\$5,797,510
Traffic	\$1,148,480
Street Maintenance	\$1,009,780
Engineering	\$821,400
Community Development	\$944,350
Library	\$2,170,680
Recreation	\$1,213,240
Parks Maintenance	\$2,043,030

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The end.

