Increase the 1% Property Tax Limit

AWC Position

AWC supports new revenue options and reforms to fund needed local services. Cities and towns are asking the Legislature to consider replacing the 1% limit for property tax increases with a local option that balances the public’s desire for property tax limits with the reality of keeping pace with funding service needs.

All Washington cities and towns face revenue pressure and challenges. Over the past several months, AWC worked with cities to develop options the Legislature could advance to help address these fiscal challenges. These options include replacing the 1% property tax cap with an annual limit that accounts for inflation and population growth.

- Property tax is the largest city revenue source comprising nearly 25%.
- Cities receive only 13 cents of each property tax dollar paid.
- In 2001, Initiative 747 (I-747) limited annual property tax increases to 1%.
- The Washington Supreme Court found I-747 unconstitutional. In response, the Legislature re-enacted the 1% property tax limit in a one-day special session.
- The 1% limit fails to keep up with inflation. Since the limit was imposed in 2002, inflation has exceeded 1% every year (except one).

Cities have the option of levy lid lifts and excess levies. Both require elections that are paid for by cities and neither permanently change the annual percentage increase allowed.