

RESOLUTION NO. 539

A RESOLUTION EXPRESSING OPPOSITION TO INITIATIVE 695, AN INITIATIVE WHICH, IF APPROVED, WOULD REQUIRE VOTER APPROVAL OF EACH FUTURE INCREASE IN TAXES AND OTHER CHARGES, WOULD ELIMINATE THE MOTOR VEHICLE EXCISE TAX, WOULD IMPOSE A \$30 LICENSE TAB FEE, AND WOULD REQUIRE PROPERTY TAXATION OF MOTOR VEHICLES AND TRAVEL TRAILERS; AND CALLING UPON THE LEGISLATURE AND GOVERNOR TO CORRECT DEFICIENCIES OF AND TO REDUCE THE MOTOR VEHICLE EXCISE TAX TO BE MORE CONSISTENT WITH PROPERTY TAX WITHOUT DISPROPORTIONATE IMPACT ON LOCAL GOVERNMENTS.

WHEREAS, Initiative 695 (I-695) will be on the November 2, 1999, Washington State general election ballot; and,

WHEREAS, I-695 asks the voters to decide 1) if voter approval should be required for any future increase in taxes, which the text of the initiative defines as including any increase in any monetary charge by government, 2) if all vehicle license tab fees should be set at \$30 per year for motor vehicles, and 3) if the Motor Vehicle Excise Tax (MVET) and exemption of motor vehicles from property taxation should be repealed; and,

WHEREAS, many voters may not understand that I-695 covers all of these subjects and is not simply a proposed reduction in license tab fees; and,

WHEREAS, the City of Gig Harbor is responsible for the public safety and welfare of its citizens; and,

WHEREAS, the approval and enactment of I-695 would affect the ability of the City of Gig Harbor to carry out its responsibilities and priorities as expressed by its citizens, by reducing City of Gig Harbor general and transportation revenues by approximately \$73,000 in 2000, and considerably more in future years; and,

WHEREAS, the Mayor and City Council of the City of Gig Harbor believe that I-695 would result in negative impacts on programs and services for Gig Harbor residents, including the loss of funding dedicated to state and local transportation, public health services, criminal justice, and governmental services; and,

WHEREAS, the fiscal impact of the approval and enactment of I-695 on the Washington State Budget would be a revenue loss from repeal of the MVET alone of approximately \$1.1 billion in 1999-2001 biennium and \$1.7 billion in revenues in the 2001-2003 biennium; and,

WHEREAS, adoption of I-695 would repeal the MVET, which is deductible from federal

income tax, and require that more state and local services be provided with taxes which are extra and which are not deductible from federal tax, placing a greater tax burden upon the citizens of Washington than is necessary to provide the same level of service using deductible state taxes; and

WHEREAS, expenditure of the approximately \$1 billion in the State General Fund reserves would not even address the ongoing funding loss, and could not be done by the Legislature until the year 2001 without a 2/3 vote of the Legislature removing the emergency spending limitations of Initiative 601 reenacted by Referendum 49 last year; and,

WHEREAS, I-695 could significantly affect the ability of the state, county, City of Gig Harbor, Fire District No. 5, and the Peninsula School District=s ability to issue bonds for needed public improvements already scheduled for construction or scheduled in the future, reducing the services which can be provided with the same number of dollars of taxation; and,

WHEREAS, I-695 would significantly reduce funding for transportation improvements through elimination of a significant amount of the bond repayment source for state highway improvements and local road construction, which would have been funded under Referendum 49 adopted by the voters last year; and,

WHEREAS, I-695 would both directly reduce MVET funds to Gig Harbor available for local funding of road improvements and significantly reduce state funds from which local road improvements projects receive grants without which most road projects cannot be constructed without years of additional delay while local funds can be collected; and

WHEREAS, even if the Legislature and the Department of Transportation would agree immediately to reduce state projects to bear the revenue lost by adoption of I-695, and to authorize funding of some local road improvement grant applications, the necessity of revising the priority of the hundreds of grant applications from every city and county in the state will cause years of delay in virtually every local road project; and

WHEREAS, even where a Amonetary increase in the total property tax collected by the City were caused by growth and increasing property values, and even where increased total property value in the City actually reduced property taxes for every taxpayer in the City under existing limitations of I-601 and Referendum 47, I-695's requirement for voter approval of every Amonetary increase in property tax would significantly cut the ability of Gig Harbor, the state and every local government to continue existing levels of service funded by property tax in amounts which would decline each year, without voter approval and the cost of an election which would not otherwise be scheduled; and,

WHEREAS, the State Department of Transportation has singled out the Gig Harbor peninsula for huge tolls for construction of two additional lanes across the Tacoma Narrows, in addition to tax obligations shared by local citizens with all other state citizens, and has contracted to impose tolls for crossing the existing Narrows= two-way facility already purchased with our tolls, and I-

695 would only worsen the burden on citizens of Gig Harbor and increase traffic congestion by reducing state funds which could be appropriated by the Legislature to build highway lanes to the new bridge and local road improvements to connect to those additional lanes, and increase the incentive for the Department to include any improvements into the toll-funded expenses because of reduced tax revenue; and

WHEREAS, the \$200 million loss to the state ferry system would add increased congestion to the Highway 16 and Narrows Bridge; and,

WHEREAS, I-695 would cut more than 38% of the entire budget of Pierce Transit, requiring at least 25% reductions in existing services, increasing traffic congestion on Highway 16 and City streets, and increasing reliance upon toll travel across the Narrows Bridge; and,

WHEREAS, adoption of I-695 by the voters would expressly repeal the only exemption of motor vehicles and travel trailers from property taxation required by the Washington Constitution and existing statutes, and would constitute voter approval of the expansion of the property tax base to include vehicles, and would greatly increase the burden upon taxpayers to file annual personal property tax returns not presently required, and would greatly increase the cost of collection of that portion of the property tax without providing any revenue to the state or any local government; and,

WHEREAS, the City has given due public notice regarding consideration of a position on the Initiative, including the number and title of the proposition, and has allowed equal time for expression of opposing views,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Gig Harbor, with the Mayor concurring, that:

THE CITY OF GIG HARBOR STRONGLY OPPOSES INITIATIVE 695,

AND THE CITY OF GIG HARBOR CALLS UPON THE LEGISLATURE AND THE GOVERNOR TO CORRECT DEFICIENCIES OF AND TO REDUCE THE MOTOR VEHICLE EXCISE TAX TO BE MORE CONSISTENT WITH PROPERTY TAX AND TO ALLOCATE THE REVENUE REDUCTION CAUSED THEREBY SO THAT IT DOES NOT FALL DISPROPORTIONALLY UPON LOCAL GOVERNMENTS.

APPROVED, THE MAYOR CONCURRING:

MAYOR GRETCHEN WILBERT

ATTEST/AUTHENTICATED:

CITY CLERK, MOLLY TOWSLEE

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY
BY: _____

FILED WITH THE CITY CLERK: 10/18/99
PASSED BY THE CITY COUNCIL: 10/25/99