

## SUMMARY OF INITIATIVE 1033, CONCERNING STATE, COUNTY AND CITY REVENUE

If I-1033 passes in November, it would limit the growth of state revenues deposited in funds subject to the state expenditure limit and limit growth in county and city revenues deposited into the county and city current expense funds. The limit would be adjusted based on annual growth in inflation and population and not include new voter-approved revenue increases. Revenue collected above the cap would be used to reduce property taxes.

The limit established by I-1033 would apply to city general fund revenues in 2010, with the limit set at 2009 revenues adjusted for inflation and population growth. Although the initiative states that new voter-approved revenues would be exempt for 2010, it also states that new voter-approved revenue is defined as the increase in revenue approved by the city's voters after the effective date of this act. Since the November election is the last of 2009, any voter-approved tax increases passed in 2009 would likely be subject to this initiative and not excluded from the revenue limitations.

The rate of inflation and population figures would be determined by OFM. Inflation is defined as OFM's report of the Bureau of Economic Analysis' calculation of the implicit price deflator on March 27 of each year.

General fund revenue is defined as the aggregate of revenue from taxes, fees, and other governmental charges received by the city that is deposited in the current expense fund.

I-1033 would require a reduction in property taxes when general fund revenues exceed the revenue limit and makes no changes to the property tax levy limit originally established by Initiative 747. If voters approve a levy lid lift, the only portion of that revenue that would be exempt from the revenue limit would be the additional increase in property tax revenue and not the base levy.

If any city program or function is shifted from the current expense fund after January 2009 to another source of funding, or if it is transferred from the current expense fund to another fund or account, the limit would still apply to the aggregate of the current expense fund plus the shifted and/or transferred revenue for that year and all subsequent years. If a program or function is transferred into the current expense fund, the limit will be the aggregate of the current expense fund including the shifted revenue for that year and all subsequent years.

Cities would be able to use existing and future reserve funds to supplement general fund revenue when revenue is below their revenue limit.

*The Association of Washington Cities provides information for educational purposes only. This is not intended to be an expression for or against a ballot measure. AWC will continue to provide information about the fiscal impacts of this initiative on cities. City officials may want to consult legal advice for specific impacts on your city. For Public Disclosure Commission guidelines and a memo from the Attorney General's Office regarding use of public funds to assist/oppose campaigns, please click [here](#).*

