

Property-tax limit cruises to easy win - Initiative 747

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Consider it a hat trick for tax crusader Tim Eyman.

His latest plan to limit property taxes won easily in the state, the third time in as many years the Mukilteo businessman has sponsored a winning tax **initiative**.

This time it might actually stick.

His previous initiatives, 695 and 722, were passed by voters but tossed out by the courts as unconstitutional because they each addressed more than one subject. Even opponents of I-747 conceded Eyman did a better job of drafting this one.

The measure passed last night in every county but King, where it was losing narrowly and where a large number of absentees remain uncounted. The result was even better than Eyman's first venture into tax limitation, **Initiative** 695, which passed in 34 of 39 counties.

"Skyrocketing property-tax increases are a thing of the past," said a jubilant Eyman last night, celebrating in a Bellevue bar. "We have become a political force in the state of Washington."

I-747 limits annual property-tax growth to 1 percent or less. The only way local governments, or taxing districts, could go beyond that would be by a vote of the people.

Eyman said the measure was carefully written to make sure it complied with the constitution, and it was the first **initiative** drafted after the Supreme Court threw out I-695, which reduced car tabs and limited taxes.

However, some attorneys assert I-747 could still run afoul of the law. "It's not necessarily clear sailing," said attorney and University of Washington law professor Hugh Spitzer. "There are three or four decent challenges if voters see fit to enact this."

Specifically, he said, 747 is written as an amendment to I-722. But that **initiative** was ruled unconstitutional, so it does not exist as law. Spitzer didn't know whether anyone planned to challenge the new measure.

King County Councilman Rob McKenna dismissed Spitzer's claim as ridiculous. "If an **initiative** is invalidated, can you never fix it?" McKenna said.

I-747 goes further than Referendum 47, which was passed in 1977 and limits property-tax collections to the rate of inflation, about 3 percent this year. That law allowed taxing districts to increase collections by up to 6 percent if they demonstrated a compelling need -- something that has been easy for most cities and counties to do.

The money not used could be "banked" and used later.

In this campaign, unions and business groups organized to fight I-747, outspending Eyman \$945,000 to

\$657,000.

And they enlisted firefighters -- public heroes since the Sept. 11 terrorist attacks -- to carry their message, arguing crucial services would be cut if **747** passed.

"They're trying to exploit a national tragedy for political gain," said Eyman. "I'm not in a debate with city- or county-council members, but with firefighters. Fire districts come to the voters all the time and ask for excess levies and almost always get them."

Christian Sinderman, with the No on I-**747** Committee, said firefighters would see the deepest impacts. "It's unconscionable to demand more from emergency-service providers and give them less to work with," he said

, pointing out that while the average state homeowner saves \$23 under I-**747**, "what you lose is a lot more."

Sinderman said Pierce County counted on the 6 percent to keep a court-ordered new jail open. "When you sentence someone to five years, you expect the jail to stay," he said.

But Sinderman admitted last night that it's never easy to beat a tax **initiative**.

He said recent economic troubles, including the Boeing layoffs, helped Eyman. "Short-term economic pain leads to short-term economic voting," said Sinderman. "That clearly had an impact on people."

Eyman said I-**747** doesn't cut taxes, just limits them. "I-**747** has that safety-valve provision. We say you can tax yourselves just as high, but you have to convince taxpayers you've exhausted all other options first."

While I-**747** limits property-tax collections, other sources of property-tax revenue will not be changed. An analysis by the Washington Policy Center pointed out that those other taxes include new construction taxes, the real-estate excise tax and taxes on improvements to property.

Government officials say it will have a devastating impact on local government budgets.

The State Department of Revenue estimates that I-**747** will cost state and local governments \$1.8 billion over six years. The state estimates the average tax savings on a \$150,000 home would be \$23 next year and \$126 annually by 2007. But as the house grows in value, the savings will shrink.

Forcing more than 1,700 separate taxing districts to go to the voters every time they need to raise their levy more than 1 percent would be expensive and impractical, said I-**747** opponents. For King County, employee costs are rising about 6 percent a year, about twice the rate of inflation.

According to King County Elections, it costs about \$2 per voter to run an election in a non-presidential year. For Seattle, with 430,000 voters, a special election would cost nearly \$1 million.

Sponsored by Eyman's group, Permanent Offense, the measure was endorsed by the state Republican party and by the Washington Association of Realtors. It was opposed by a broad coalition of Democrats, labor, the Greater Seattle Chamber of Commerce, firefighters and current and former public officials. Eyman said his group had pledged to have one **initiative** a year, but he said he didn't know what would be offered to voters next year.