

WHATCOM COUNTY BUDGET RESOLUTION

WHEREAS, pursuant to Home Rule Charter Section 6.10, the Whatcom County Executive is required to submit for County Council consideration a budget and proposed tax and revenue ordinances necessary to raise sufficient revenues to balance the budget.

WHEREAS, the County Executive's Office provided [several budget presentations](#) to the County Council in advance of the 2025-26 biennial budget being released on October 18, 2024, including the budget process, revenue projections, and options being considered to address the imbalance caused by declining revenues and increased costs of county services.

WHEREAS, over the last several years, Whatcom County has made important investments in several critical areas including childcare, housing and homeless services, food security, criminal justice and crisis response (including fentanyl), behavioral health, flood response and recovery, racial equity, climate resilience, and planning for the future.

WHEREAS the cost of providing much needed services to the County's ever-growing population are outpacing the County's revenues resulting in a structurally imbalanced budget with total expenditures exceeding projected revenue collection, which would result in a quick spend down of the County's fund balance.

WHEREAS Whatcom County is required to pass a balanced budget every biennium, with a mid-biennium review, and maintain a fund balance of at least 15% of the prior year's General Fund revenue, which currently equates to about \$20 million.

WHEREAS in 2001 Initiative 747 sponsored by Tim Eyman set a limit to increases in property tax levies to 1% a year.

WHEREAS, Whatcom County's history of low property tax rates and annual collections, combined with decisions to not use the allowed 1% annual increase for around two decades, has resulted in the County's annual property tax collections for general County services being comparatively low.

WHEREAS, because of not taking the annual 1% increase, the County has banked capacity in the General Fund levy (\$3.9 million) and Road Fund levy (approximately \$3.7 million).

WHEREAS the allowed annual 1% increase is below the average rate of inflation, and even applying the entire banked capacity would still not compensate for inflation that incurred over the last two decades, which was an average of 2.56% per year.

WHEREAS, inflation has reduced the purchasing power of tax revenues, where \$100 in 2004 would now have the same buying power as \$166 today ([CPI Inflation Calculator](#)).

WHEREAS Social Security and the Washington State minimum wage are adjusted for inflation to maintain the same buying power.

WHEREAS, county employee wages and county services are subject to the same constraints, and must be adjusted for inflation in order to remain constant.

WHEREAS, using General Fund levy and Road Fund levy banked capacity is a long-term sustainable strategy to move the County toward a structurally balanced budget while maintaining levels of services and modest investments in critical projects and programs.

WHEREAS, if no General Fund levy banked capacity is used, the current estimate is that the County will need to cut General Fund expenses by about \$7 million annually, which will result in program cuts and service reductions.

WHEREAS, the Executive's Office has outlined potential General Fund cuts, including:

- Approximately \$1.5 million in reductions to public safety and criminal justice
- Approximately \$3 million reduction in labor costs including furloughs, closure days, or layoffs
- Approximately \$500,000 from non-department funding such as Food Banks, Northwest Regional Council, and the Domestic Violence Commission
- Approximately \$1-1.5 million from Parks and Recreation (including Senior Centers), Planning and Development Services, Public Works, and Health and Community Services
- Potential elimination of the Climate Action Program.

WHEREAS, if no Road Fund levy banked capacity is used, the current estimate is that the County will need to cut Road Fund expenses by about \$23.1 million over the biennium, which will result in service reductions.

WHEREAS, the Executive's Office has outlined potential Road Fund cuts, which would include reducing capital and operating expenses, deferring road projects and maintenance (increasing costs in the long run), limiting storm response, and reducing other core services.

WHEREAS, not using the General Fund levy and Road Fund levy banked capacity may also affect perception among state and federal government officials, limiting Whatcom County's ability to remain competitive for much needed state and federal funding.

WHEREAS the impact of the combined rate increases of General Fund and Road Fund to an average homeowner in unincorporated Whatcom County with an assessed value of \$650,000 would be about \$127 annually.

WHEREAS the impact to an average homeowner in incorporated areas of the County, where only the General Funding increase applies, the impact would be about \$42 annually.

WHEREAS it is important to note that raising the current tax rate by the full amount of banked capacity would not represent a **real tax increase** (adjusted for inflation) over the relevant years, but rather a **reduction once inflation is taken into account**.

WHEREAS it is unfortunate to have to raise revenues all at once to compensate for failure to adjust in past years, but is essential to help stabilize revenue, ensure the County can continue to provide core services, and work towards a sustainable and structurally balanced budget.

NOW THEREFORE BE IT RESOLVED, the Whatcom Democrats urge the Whatcom County Council to use General Fund and Road Fund banked capacity to approve a sustainable and structurally balanced budget that ensures long term stability and resilience into the future.

BE IT FURTHER RESOLVED, the Whatcom Democrats urge the Whatcom County Council to pass a budget that maintains, if not increases, funding for critical projects and programs that align with the Whatcom Democrats shared values and vision including, but not limited to, funding for affordable housing, homeless services, child care, food banks, senior centers, climate resilience, racial equity, access to health care services including behavioral health, responding to the fentanyl crisis, public safety and criminal justice reform, access to parks and public lands, and multimodal transportation and infrastructure projects, among others.

Adopted by unanimous vote at the October 26, 2024, General Membership Meeting.