What should residents know about
RENTON CITY FINANCES?

What taxes and fees do Renton residents pay today?

The City of Renton finances the services it provides to its residents, businesses and visitors through a variety of taxes and fees. The largest tax source is the property tax, which comprises about one-third of the City's budget. The tax rate has been dropping for several years, and will change from $3.04 per $1,000 of assessed value to approximately $2.80 per $1,000 in 2007. Sales taxes make up the next largest source of revenue followed by utility taxes. City residents and businesses pay a 6% utility tax on all types of utilities. User fees and charges, permits, fines and other miscellaneous fees make up the balance of the City's general revenues.

Has the City issued any debt? What is it for? Would residents in a newly annexed area be expected to pay for it?

Evaluating a city's indebtedness depends on what the City is issuing debt for. In all cases, the government or voters have made a choice that borrowing is an appropriate way to pay for investments that will benefit the community over a period of some years. Renton's 2006 indebtedness is $25M in GO debt and $48M in utility fund and golf enterprise fund debt. This is a reasonable debt burden as evidenced by the recent improvement in Renton's bond rating from A- - to A+. Renton's debt is higher than some cities, but lower than some; we have higher per-capita debt than Auburn and Federal Way, lower than Bellevue and Kent. For each annexation area, the City may request that residents vote on whether to assume the voted indebtedness of the City as part of their decision to annex. In this case, the City of Renton is not asking residents of East Renton to assume the City's bonded indebtedness.

How Can Renton Afford to Be Our Government if King County Says it Can't?

Cities and counties have different taxing authority under state law. Counties are equipped with taxing resources to provide regional and local rural services. Cities, by state and regional policy and law, have the tools to most efficiently provide urban local services. This does not mean that joining a city requires residents to pay more taxes, but rather that cities have greater flexibility in how they collect and spend taxes and fees. Examples include:

- **Local Property Taxes**. Under state law, the local portion of the property tax King County collects in unincorporated areas must be spent for roads. If annexed, residents would pay the City's property tax levy. The local portion of property tax collected by cities goes to the general fund, where the City Council has the option to direct toward priorities in Renton (including public safety, streets, economic development, or other services).
- **Local Sales Taxes**. Over time, urban unincorporated King County has become primarily residential with most shopping and commercial centers located in cities. This means urban unincorporated areas frequently shop in cities and a portion of their sales tax dollars already go to support city services.
- **Utility & Business Taxes**. In addition to property and sales tax, cities have other revenue sources that keep pace with the growth of service costs – such as utility and business tax revenues. Due, in part, to the limitations placed on how the county collects and spends taxes, the county's budget for local urban services does not balance; services have been cut in recent years, including the elimination of park and recreation service programming and local human services.