



Municipal Research and Services Center of Washington
Working Together for Excellence in Local Government

A History of Washington's Local Governments: Washington State Local Governance Study Commission Report (Update)

Appendix D of the County Financial Health and
Governance Alternatives 2007 Legislative Study

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Foreword

This report was originally prepared by the Local Governance Study Commission and submitted to the Governor and Legislature in January 1988. The Washington State Legislature created the Local Governance Study Commission in 1985, and as part of its mandate, the Commission conducted a study of local governance in Washington. This report was Volume I, a history of local governments, the first of two volumes produced by the Commission.

The Local Governance Study Commission was composed of state legislators, county commissioners, city councilmembers and special district commissioners from across the state. The commission was chaired by ex officio member Chuck Clarke, Director of the Department of Community Development. Other ex officio members included representatives of local government associations.

In 2007, this report was updated as part of the County Financial Health and Governance Alternatives Legislative Study conducted by the Washington State Department of Community, Trade and Economic Development (CTED). The Municipal Research and Services Center of Washington contracted with CTED to update the report.

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Chapter 1: Washington's Evolving Local Governance Tradition

How and why did Washington local governments come to have their present character? How was their development affected by public policy?

These apparently simple and direct questions, posed by the Legislature in 1985, are in fact profound and challenging. They call for reconstructing a complex and fascinating process of change with deep roots in the past and continuing dynamism today. Particularly in its early years, the politics of the state were dominated by several great issues and movements the coming of the railroads, populism, prohibition, municipal reform, public power, the Great Depression, property tax limitations, federal government assistance — that gave rise to lively conflicts and many changes.

But these were only the most visible forces at work. Under the surface, a basic structure of local government was built. Even more important, a distinctive Washington local governance tradition developed and began to evolve. How it evolved, and what the effects of this evolution have been up to the present, is the central theme of this volume.

Washington's local governance tradition has two major components. The first component is insistence on local option and control, including control over the way that state policy is implemented. It developed out of the remarkable geographic, social, and attitudinal diversity that initially characterized Washington.

The physical isolation of the early settlements has greatly reduced, the people are more alike, and many needs and problems are now widely shared. But local area differences still exist, and are often important. The image of local diversity probably exceeds the reality, however, and certainly remains a powerful force in peoples' minds. Insistence upon local option and control, while it never evolved into complete "home rule" in the legal sense, is a dominant principle of Washington's political life.

The second component of the local governance tradition is the evolving relationship between the two general-purpose local governments, counties and cities, and the many kinds of special purpose districts that were created later. Originally the counties and cities were the only units of government (except for school districts.) They had quite distinctive roles and responsibilities, and acted independently of each other.

Soon after statehood, however, new units of government, the special purpose districts, began to be authorized in order to provide a specific service to a defined population. Later, special districts were created to provide city-type services (fire, water, sewer) to people living in unincorporated areas within counties. Part of the reason for this was insistence on local option and control just described.

Cities and counties also took on new functions as the years went by, some of them similar to what the other was already authorized to perform. Thus, all three types of governments began to acquire overlapping powers and responsibilities, and their roles became much more similar. Today, the relationship that once consisted of distinctive roles and independence has become one of conflict and competition over similar roles, together with mutual dependence.

Many factors have contributed to the evolution of this local governance tradition, but three stand out and will be highlighted as our story develops. Each one began to be visible in the Depression Era of the 1930s and gained impact during and after World War II:

- (a) Fiscal pressures on local governments and the need to find jobs for workers became so acute that the federal and state governments began to provide much more assistance to local governments. Standards for local performance soon followed, and then direct federal and state controls, so that in some respects local governments became dependent junior partners in a large-scale enterprise.
- (b) Population grew rapidly and spread outside of cities, often as a result of new highways and bridges built as part of the economic recovery and war efforts. Many new special purpose districts were created to provide these residents with the municipal-type services that they needed.
- (c) New problems arose, first out of the new population densities and distribution, and then from additional services needed to provide for the new distributions of people. Efforts to cope with such problems as transportation, water quality, solid waste disposal, and social services generally tend to raise new issues about revenue availability and means of assuring cross-jurisdictional coordination.

In the last half-century or so, these forces (and others of lesser significance) have reconstructed the world of local governments in Washington. Our local governance tradition has evolved, but it has not kept pace with the rapidity and complexity of change. To be sure, some local governments' practical solutions to new problems have pointed the way toward redefinition of this tradition. But there has been little explicit recognition of the implications of these changes for the structures and powers of local governments, and no conscious effort to adapt our traditions, laws, and practices to the new challenges that local governments face.

The Local Governance Study Commission's goal is to help in the search for redefinition of Washington's local governance tradition. In this volume, we shall trace the ways in which that tradition developed and evolved from the early settlements to the 1980s. In the next volume (*which was not updated in 2007*), we shall analyze the context and problems of local governments in the 1980s and suggest ways in which the state can help local governments to address them effectively. With appropriate state assistance, local governments will be enabled and encouraged to redefine our local governance tradition to fit the needs of the future.

The History of Local Governments in Washington

A History of Governments

Most histories are about important people, great events, or such huge social units as countries. This history is about the evolution of more than 1600 local governments (excluding school districts) over nearly 140 years in one state. The local governments on which we focus here are the counties, cities, and special purpose districts of Washington. Each group has changed greatly over the years, and now include highly diverse sorts of units.

Counties are the oldest local government; the first counties were created by the "Provisional Government" set up by Oregon Trail immigrants before Congress organized the Territory. By statehood there were 34 counties. Today there are 39 counties; the last formed was Pend Oreille in 1911. The initial role of counties was to serve as the administrative arm of the state — maintaining all the vital records that people needed, providing courts and law enforcement, building roads, assessing property, collecting taxes, and conducting elections. Counties are run by full-time elected officials including commissioners (or council members and an executive), a sheriff, judges, assessor, treasurer, prosecutor, auditor, clerk, and coroner. The commissioners function as both the legislative and executive body.

Cities and towns began as settlements, usually on waterways or the intersection of established trails, and later received their status as municipal corporations from the Legislature. The cities' initial role was to create a safe community and economic identity for citizens living close together, protecting them from physical hazards by providing fire services, building sidewalks, and maintaining law and order. By statehood there were 29 cities. Today there are 281 Washington cities and towns. The most recently incorporated was Spokane Valley (Spokane County) in 2003. Cities are generally run by a legislative council of part-time elected officials with an elected (Mayor) or appointed executive and appointed department heads.

Special purpose districts are units of government created for one or two specific purposes rather than the many ("general") purposes that belong to counties and cities alone. Road districts and school districts were formed during Territorial days. (School districts are such distinctive and independent entities that they have not been included in this study.) The first special purpose district authorized after statehood in 1890 was irrigation districts. Currently, there are over fifty different kinds of special purpose districts with more than 1400 distinct entities. The most prominent include 376 fire districts, 192 water and sewer districts, 103 cemetery districts, 75 port districts, 55 hospital districts, 57 parks and recreation districts, 30 public utility districts, and 22 library districts. Special purpose districts are run by part-time elected officials, often with appointed managers.

In 2005 Washington's cities and counties raised and spent about \$13 billion per year for operating expenses, about two thirds of what the state spends annually. Cities and counties each raise revenue through a combination of taxes, federal and state shared revenues, and fees from services provided. Some special purpose districts such as fire and library districts rely on property taxes, while others such as water and sewer districts use monthly charges for operating

expenses. Still others such as irrigation districts use special assessments. Most local governments rely on the issuance of bonds to provide for their capital construction needs.

Not all counties or cities are alike, of course, and some contrasts may suggest the range of local governments' size and functions in 2007. Counties range from King County, with 1,861,000 people and a budget of approximately \$4 billion per year, to Garfield County, with 2,350 people and a budget of \$10.6 million per year.

Cities and towns have the same kind of diversity. Two towns (Krupp and Lamont) have less than 100 residents; 83 cities have fewer than 1,000 residents. But there are four cities with more than 150,000 people, including Seattle with more than 586,000 citizens.

King, Snohomish, and Pierce counties have the largest number of cities and special purpose districts. In King County alone there are 39 cities and 90 special purpose districts. Some special purpose districts serve only a handful of people, while Sound Transit, a multi-county special purpose district, potentially serves a population of 2.7 million.

These characteristics of Washington local governments help to distinguish this state from many other states. In particular, Washington is a “special purpose district state.” We rank sixth in the country in the total number of special purpose districts.¹

As we review the history of Washington's local governments and the evolution of their local governance tradition, we shall also be recounting a good bit of the state's history. That history is crucial as context, and will always be in the background. The foreground, however, is dominated by the counties and cities and special purpose districts of Washington, and the people and problems that made and changed them.

In each chapter, we shall take up first the way in which changing conditions and problems affected local governments, and then the specific adaptations of powers and structures that local governments needed to make to cope with them. To provide a more readable story, only a few tables appear in the text. A large body of data is provided in the Appendices, however, as part of our effort to make this volume a definitive and comprehensive overview of local government in Washington.

Stages in the State's History

A major change in the evolution of Washington occurred at two points: during the Depression and World War II; and in the 1980's when the “information era” thrust Washington State into the international limelight. During World War II, the state economy began to shift away from its nearly exclusive dependence upon natural resource-based industries toward a higher-wage manufacturing and services economy; many new residents immigrated into the state; and the roles (and size) of the state and federal governments became much larger in all respects. During the 1980's, agriculture diversified internationally and software industry giants developed. With these trends, came a surge in the Washington economy that heavily influenced the more recent chapters of Washington history.

The next chapters tell the story of the creation and development of the forms and powers of local governments up to World War II. The politics of these years were dominated by a set of factors: opposition to the railroads, populism, prohibition, public power, hard times that gave rise to lively conflicts and a strong tradition of local elections and local control. In brief preview, these chapters cover the following stages of the state's history.

Settlement to Statehood, 1845-1889

While the pioneers gave the state its first units and forms of government and their initial boundaries, it was the railroads and the waves of migrants they brought that really shaped the future of those early settlements. In the two years after the Northern Pacific first established a direct link to St. Paul and Chicago, for example, about 200,000 people entered the state — nearly tripling its population. Seattle eclipsed Tacoma, and Spokane rose from a tiny crossroads to a major city. Many aspiring towns that were bypassed by major railroad lines, however, had to settle for a much lesser stature than they had anticipated.

This period was thus dominated by the effort to attract settlers to the state, and to establish the basic governing structure to accommodate them. The distinguishing features of Washington's local governance tradition took shape in these years, as a result of the experiences of isolated groups of settlers in a resource-rich territory far distant from the rest of the country. They continue to influence us today.

Development and Reform, 1890-1930

The first in Washington's series of economic booms (always, it seems, followed by comparable depressions) began with the discovery of gold in Alaska in 1897. Washington (and particularly Seattle) had the opportunity to finance and supply the miners and other developers who flocked to Alaska. Prospectors, business owners, and new residents were attracted to the state in great numbers, spurred in part by the high national visibility of the Alaska-Yukon-Pacific Exhibition of 1909. The prospect of the opening of the Panama Canal led to a surge of development in Seattle, and the war years continued the economic prosperity right up to 1919.

These were volatile years in Washington's political history, with many movements seeking to implement new ways of conducting the public's business. Charter reform, municipal ownership, port districts, and public utility districts all had their origins in the conflicts and reform efforts of period. The state's local governance tradition was confirmed as it had first developed, but the utility of special purpose districts was also established.

The Depression Era and Fiscal Change, 1931-1940

The defining question of this period was how to finance both state and local governments in a time of declining property values, unemployment, and rising welfare and service needs. The pressure on Washington's property tax system had been rising since the mid-1920s. Through two initiatives, early efforts were made to limit property taxes and authorize an income tax. After the income tax was ruled unconstitutional and efforts to amend the constitution failed, a new package of taxes including sales and business and occupation taxes was enacted in 1935 to

support state government. Local governments were left to struggle on their own under the property tax limits. Federal and state funds were needed to keep many of them functioning.

This period was critical to the state's local governance tradition. Fiscal pressures, population growth and redistribution, and the new role of the state and federal governments — combined with changing problems began to make substantial change in that evolving tradition.

In the chapters that take up the post-World War II era, we focus in greater depth on the changed circumstances and new problems that local governments encountered after World War II. The influx of new residents, the shift in the state's economy, and the general post-war prosperity — combined with state and federal government policies — led to a vast movement of people to the suburbs around major cities. Soon this led in turn to new problems, some of them "regional" in character, and to new efforts on the part of the state and federal governments to guide and direct local governments in solving them. In brief preview, we shall cover the following areas.

Suburbanization, 1941-1960

World War II revived natural resource industries, created vast new manufacturing and service industries, brought tens of thousands of new people to the region, and generally restored prosperity. Washington was a much more modern state after the War. Not surprisingly, it had many of the characteristics and problems associated with urbanization in the older states. In particular, it had a rush of young families to the suburbs around its major cities.

The suburbanization era was produced by the automobile and a massive new highway system, as well as general prosperity, low-interest government guaranteed home mortgages, and the aspiration of individuals and families to realize their dream of a detached home surrounded by green lawns. New cities were formed and smaller ones expanded, but the major thrust of suburbanization was toward unincorporated areas outside of cities. One consequence was rapid expansion of special purpose districts providing service to the suburbs. Another was the challenge of new roles and potential structural reform for county government. Some problems, however, were not within the realm of any local government, and the pressure began to find new forms to fit new circumstances.

Growth and the Struggle to Adapt, 1961-1980

The primary response to this new range of problems was the emergence of regional units of government and various forms of regional planning and cooperation between existing governments. The state authorized some new structures and powers for local governments, based on the recommendations of several studies of metropolitan problems.

The federal and state governments also assumed new roles in this period, fundamentally altering intergovernmental relationships. First, the federal government offered substantial grants to regional planning bodies to induce local governments to cooperate in looking ahead and planning for coming problems. It also required the approval by some regional bodies before a local government could obtain any of the many large grants that the federal government was then making available for local improvement projects.

This resulted in the formation of many Councils of Government and other planning bodies, and in establishing a direct link of dependency between local governments and the federal government. Additionally, the first separate state agency for local governments, the predecessor of the current Department of Community, Trade and Economic Development, was formed to funnel federal funds and provide technical assistance.

Second, as problems mounted and a newly active popular movement sought to preserve environmental quality in a variety of forms, the state and the federal government began to impose major new standards of performance on local governments. In some cases, financial aid accompanied these mandated changes. But in many instances, there was either no or too little financial assistance offered, and local governments were obliged to absorb the cost of meeting the required, primarily environmental, standards.

At the same time, sustained high levels of inflation in the country led to a general tax resistance movement. Through both legislative and initiative petition efforts, the state's tax base was reduced just as it was faced with significant new expenses. The result was a serious crisis of state and local government finance, in which the patchwork tax system adopted in 1935 seemed to reach its limit.

The Information Age Years (1981-1990)

These were the years of transformation in the economy: further transition out of natural resource based industry and explosive growth in high technology which took Washington by storm. In the early 1980s, the combination of an economic recession fueled by a downturn in the timber industry and declining federal government support took their toll on local government finances. This precipitated a major restructuring of local government finance that was adopted in the 1982 legislative session. To obtain additional sales tax authority for cities and counties, cities had to agree to a cap on the utility tax rates, and cities and counties had to accept limitations on system development charges. The concept of sales tax equalization was also introduced at this time redistributing a portion of revenue to small tax base jurisdictions.

Paralleling the emergence of technology as a dominate economic force; a nationwide trend developed promoting increased professionalism in local government. In Washington, the popularity of the council-manager form of city government grew and the number of city administrator positions in mayor-council cities increased, reflecting this trend. Pierce and Snohomish counties adopted home rule charters that included separately elected executives.

As the economy surged toward the end of the 1980s, there was widespread recognition that the state's quality of life was threatened by traffic congestion, the loss of farmland and open space, and extensive sprawling land subdivision. The Growth Management Act (GMA) resulted, the first mandatory planning legislation for counties and cities in Washington. The enactment of GMA in 1990 was a watershed event for local governments and signaled the end of a transition period for the state and for local governments.

Growth Management and Tax Revolt (1991-2007)

By the 1990s, several forces combined to provide an impetus for an increased number of citizen initiatives in Washington State. These included widespread sympathy for the citizen led California tax revolt, a growing lack of trust in government, the property rights movement and mounting fiscal pressure on state and local governments. From the standpoint of local governments, Initiative 695 was the most significant forerunner of several tax-related initiatives. Although Initiative 695 was ultimately found to be unconstitutional, the legislature acceded to the wishes of the voters and repealed the motor vehicle excise tax (MVET), resulting in a substantial loss of local government revenues, including sales tax equalization and funding for criminal justice and for public health.

Since 1990, local government costs have been increasing at approximately twice the rate of inflation driven by criminal justice case loads and the cost of health care. A separate citizen initiative reduced the cap on property tax revenue growth from 6% to 1%. This change has affected counties and special districts that rely primarily on property taxes more heavily than other local governments. Between 2000 and 2005, the legislature provided some backfill funding to address the loss of MVET but significantly less than what cities and counties had received. In 2005, the legislature replaced backfill funding by establishing the City-County Assistance program, which provides a modest amount of support to cities and counties with low tax bases. Additional special purpose sales tax authority and gas tax increases were adopted but the net result is still a financial squeeze for many local governments.

Following the adoption of GMA a large percentage of unincorporated suburban development has been incorporated into cities. Many large annexations occurred and fifteen new cities incorporated. GMA has led to a realignment of local government service patterns. As a result of these shifts, many counties have transitioned away from local service provision or into contract service provision and been assigned added planning and regional coordination roles by the legislature. County tax bases have been negatively impacted as fiscal resources shifted to incorporated areas.

Since 2000, state and local government policy has increasingly focused on transportation, especially in the highly congested central Puget Sound area. Among the concerns are insufficient capacity, declining levels of service, high costs, aging infrastructure, and insufficient funding.

The general trend toward city adoption of the council-manager plan continued in the 1990s and 2000s. In 2005, San Juan County became the only county to have adopted a home rule charter since 1981.

The pace of change among special districts has not been as great as among cities and counties. Some consolidations, joint service provision contracting and major annexations have taken place, and several new special districts have been authorized to address the funding of public transportation and transportation facilities.

This overview of the history of Washington's local governments brings us up to the present. Without history, we doubt that full understanding of today's problems is possible. But we do not

view the chapters that follow as history for its own sake: instead, our history is focused and purposeful. It is an effort to draw upon lessons that will help us all — state and local government officials, and citizens generally — to solve the problems faced by the government closest to the people, Washington's local governments.

Chapter 2: Settlement to Statehood (1845-1889)

In this formative period, the two principal components or building blocks of the Washington local governance tradition were shaped and laid firmly in place. The local diversity plus local option and control principle is rooted in the geography of the region, the different kinds of settlers who arrived at different places and times, and their particular political experiences in the first decades of white settlement. The distinctive roles and independence of the two major local governments, the counties and the cities, were well established as features of the political landscape throughout this same period.

Washington was settled for centuries by Native Americans, whose established trails and landings eventually were appropriated for the settlers' network of roads and water travel. The first white explorers helped to create an image of great natural resources, particularly water, fish, and timber, in a green if rainy version of the eternally-sought "promised land."

In its early form, Washington was very much a colony — a far distant enclave of natural resources available for the taking. Investors and entrepreneurs from San Francisco and the Midwest sent teams of men to find and develop profitable timber and fish resources. For decades, Washington's basic resources and industries were owned from afar, and the way in which their owners used their power would become a defining issue in the new territory and later state.

Washington's politics were shaped in many ways for its entire first century by the fact that such outside owners controlled a natural-resources based economy. Working conditions in the woods, mills, and mines were harsh, and workers often held grievances against their employers. Similarly, the settlers who had been encouraged to journey to Washington because of the availability of productive land were often outraged by the railroads' exorbitant rates for shipping their harvests to market. In such circumstances, resentment against outside owners and big corporations easily translates into a volatile politics of local choice and control.

Everybody sought development, however, for that would bring a rise in land values and greater profit for the first arrivals. The crucial necessity was additional population, and every effort was devoted to this end. For this reason, boosterism became another defining characteristic of life in the new territory.

The most visible factors shaping the state in this period, however, were the development of the railroads and the two continuing controversies that they helped to bring into focus. The railroads, the long-sought key to economic development and prosperity, began construction in the early 1870s and continued until well after statehood.

At first, they attracted thousands of laborers of ethnic and social class origins that were radically different from the first settlers. After the transcontinental link was completed in 1883, they brought tens of thousands of new settlers of still different ethnic and class backgrounds, many from foreign countries. The two statewide issues that the railroads helped bring to prominence

were prohibition and populism, both of which had profound impact on the development of local governments.

Background

Settlement Pattern

The great Oregon Trail migration began in 1843. In the same year settlers in Oregon organized their own “provisional government,” which in 1848 evolved into the Oregon Territorial Government. In an effort to attract more settlers, the provisional government had granted 640 acres to each homesteader. The Congress approved and continued this practice in the Donation Land Law of 1850, which served as a continuing incentive to migration. The U.S. Census of that year found 1,049 non-Indian people living north of the Columbia River, in the two counties then existing, Lewis and Clarke (as it was then spelled).

Washington Territory was created by Congress in 1853. At the first census held for apportioning the territorial legislature, there were less than 4,000 non-Indian people in the entire territory. Most of them had come from Iowa, Missouri, and Illinois, where their families had resided for a generation after migrating from New England or the South. Some had found life in Oregon too settled, others simply sought greater opportunities. Eight counties were in existence, all west of the Cascades. Several settlements marked the settlers’ overland progress from Vancouver to Puget Sound.

Eastern Washington was not really settled until after the Indian Wars of the mid-1850s; indeed, it was formally closed to settlement by the military from 1856 through 1858. With the discovery of gold in what is now northern Idaho in 1860, however, the population balance of the Territory was completely reversed. Tens of thousands of gold-seekers poured into the area, many directly from the nearly exhausted California mines.

Idaho Territory was split off from Washington in 1863, and the first official census of Washington with its current boundaries was therefore that of 1870. A total of 23,955 people lived in the territory at this time, more than 20 percent of them foreign born.

The prosperity to be realized from supplying the miners, in some cases by those who gave up mining and became merchants or farmers, led to substantial permanent settlement. Soon there were more potential voters east of the Cascades than on the more established west side. Moreover, many of them were Southern Democrats — a matter of some urgency as the Civil War took shape.

The miners and their camps were itinerant, but the supply centers and surrounding agricultural regions were permanent settlements. Of these, Walla Walla was the largest and longest established. Begun as a fort in the first days of the Hudson Bay Company penetration of the Northwest, Walla Walla had always been on the map. In 1864, farmers discovered that the hills around Walla Walla were superbly suited for growing wheat, and the economic future of the region was established. Soon produce was being shipped down the Columbia River to Portland as well as to the miners in the mountains.

In the meantime, some shrewd political judgments were made in Olympia, and subsequently in the Congress. Concerned that the whole of Washington Territory might be dominated by Democrats, the Congress was induced in 1863 to create a new Idaho Territory including all of the area east of what is now Washington's eastern boundary. That left the prosperous Walla Walla country in Washington, but not strong enough in numbers to outvote the west side residents. Still, it remained the center of eastern Washington.

One of the major issues of this period had to do with the ability of settlers and investors to gain clear title to land, so that they could confidently develop it or sell it. Until titles were cleared, further immigration and development and profit for the first arrivals would be impeded. This issue is one reason why Portland, Oregon overtook Vancouver (the original site of Hudson Bay's Fort Vancouver) in Clark County as the center of booming trade and commerce on the Columbia River. A history of Vancouver describes its difficulty growing in this way:

Trouble over the property held by St. James Mission and other properties held by the Catholic Church, coupled with the problems arising over validity of deed on general city land kept investors and businessmen from locating in Vancouver, and it was not until 1877 that a single land title was granted and not 1894 that the last of land was cleared of defective title.¹

Political Foundations and Early Statehood Efforts

From 1853 to statehood in 1889, a period longer than that of all but three other states, Washington was governed as a territory. The Governor, other executive officers, and the judges of the Supreme Court were all appointed from the distant federal capital of Washington, D.C., and the territorial Legislature was subject to Congressional veto of its acts. This dependent status rankled Washington residents, but there was little they could do about it. Population in 1880 was still only 75,116 — too small for statehood — and the chief result was the growth of a vigorous sense of local self-reliance.

This feeling of second-class status was made worse by the fact that the Territorial Legislature was not always the last word on all matters in this period. The Governor was newly granted the power to veto the acts of the elected Territorial legislators in 1864, and the Congress began to assert its veto powers as well. One example involving counties occurred in 1866. The Congress, for the first time in Washington's history, disallowed a territorial enactment. In this case, the Legislature had divided Skamania County between Klickitat and Clark Counties. At the time, there were only two tiny towns in the county, but it included the Cascades portage, which was crucial to transportation on the north bank of the river.

The Legislature took this drastic act to prevent the manipulation of county elections and monopoly control of all river traffic by the Oregon Steam Navigation Company. But the latter was strong enough to get the act disallowed in Congress, and the next Washington Territorial Legislature was obliged to repeal all its statutes and knuckle under to an Oregon corporation. This lack of territorial control over important decisions may well have contributed to making Washington citizens particularly sensitive to their electoral powers.

During the late 1860s and early 1870s, the voters of the territory regularly had on the ballot the question of calling a constitutional convention as a prelude to demanding statehood — and just as regularly ignored or voted against the proposal.² In 1875, however, the Legislature created Columbia County, necessarily reducing the size of Walla Walla County in the process. The Walla Wallans reacted sharply. Oregon's Congressional delegation introduced bills to enable a plebiscite in those two counties on the question of being incorporated into Oregon. A petition in support contained the signatures of more than half the Walla Wallans who had voted in the last election. Although the bill was reported out by a unanimous House Committee on Territories, Congress adjourned before passing it.

The result was that the west side of the state began to take the question of statehood much more seriously. The next Legislature quickly restored to the ballot the question of calling for a constitutional convention, this time to be held in the "City of Walla Walla," and the voters endorsed the idea. Fifteen delegates were elected at a special election and convened in June, 1878. The northern Idaho counties had been invited to send a nonvoting delegate, and did so.

The local government provisions of this constitution will be examined later, and were overshadowed in any event by several other features. Perhaps the most salient of all of these gave proof at this early stage — when the railroads were still mostly under construction and only a few sections were operating — of the part that the railroads were to play in the politics of the territory and state. This provision was a grant of power to the Legislature to regulate the railroads as to their rates, discriminatory practices, and consolidation of competing lines.

The constitution was approved by a two-to-one ratio in November, 1878, with 6500 in favor and 3200 against. Most of the west side counties voted strongly for the constitution. Pierce, Cowlitz, and Skamania, however, were powerfully affected by the railroads and voted against it. Walla Walla, unbending, voted against it by a ten to one margin; Columbia was also opposed. Separate votes were taken on the questions of woman suffrage and local option powers to control the sale of intoxicating beverages; both failed by substantial margins. But Congress was unimpressed with the territory's efforts, and did nothing in response.

The Railroads

No event or factor in the history of Washington can compare in impact or importance with the building of the railroads. The railroads dominated the imagination, the hopes and fears, and the economic and political life, of both Territory and state almost all the way to World War II. Washington's romance with the railroads began in 1853 with the arrival of the first Territorial Governor, Isaac Stevens, because the survey work that he accomplished en route proved the feasibility of the northern route. In particular, his work gave rise to hopes of greatness on the part of a tiny settlement on Elliott Bay which had just built its first sawmill and was now known as Seattle. The first Legislature of 1854 almost immediately sent Stevens back to Washington D.C. to argue the case for Congressional authorization of funding and construction of a transcontinental railroad with a terminus in Washington. No action was taken by Congress, however, for another ten years.

In 1864, the Congress incorporated the Northern Pacific Railroad Company and gave it a huge grant of federal lands, stretching from Lake Superior to Puget Sound and totaling nearly 40 million acres, to finance construction. In territories such as Washington, the Northern Pacific received the sections of land for forty miles on both sides of their right-of-way — land which was sure to increase in value as the railroad was built. In 1870, construction was begun at Kalama, and Tacoma was selected as the terminus in 1873 — to the great disappointment of several other settlements on the Sound.

But the financial empire of the Northern Pacific's chief backer, Jay Cooke, collapsed in the panic of 1873, and construction was suspended. Seattle and Olympia citizens promptly began to construct their own linkages to what they still expected to be the main transcontinental line, as a means of preserving the economic futures of their towns.

Construction was finally resumed on the Northern Pacific in 1879, and the western end, running north and east from the Columbia River at the Oregon border, reached Spokane in 1881. The transcontinental linkage was completed in Montana in September, 1883, and construction was begun on a link from Pasco to Tacoma via Stampede Pass. Celebrations of the long awaited link occurred throughout Washington as the first train made its way, prophetically a day late, across the state from east to west. In the tiny settlement of Spokane Falls, for example, three triumphal arches were erected, with these inscriptions:

“Spokane Falls, the Gem City of the Inland Empire, Gives First Greeting from Washington Territory to our Eastern Visitors”

“The Northern Pacific Railway, the Bond which Unites us with the Rest of the World”

“Spokane Falls, the Minneapolis of the West”

By 1885, the Oregon Railway and Navigation Company operated 259 miles of railroad within Washington Territory, mostly along the Columbia and with several branches into the wheat country; the Northern Pacific operated 455 miles, from Vancouver north to Tacoma, and from Wallula (at the junction of the Walla Walla and Columbia Rivers) east to Spokane and the Idaho border and northwest to Yakima and Ellensburg. Construction continued furiously, on logging railroads as well as the main lines, and by 1892 there were 2,618 miles of railroad in the state. In 1893, of course, the Great Northern completed its transcontinental link directly to Everett and then Seattle.

But the impact of the railroads is barely measured by the number of miles of trackage completed. Perhaps the most immediately visible impact was the huge increase in population that resulted.

More than 200,000 people entered the territory in the first two years after the transcontinental link was completed, nearly tripling the total population. By 1890, there were 357,232 people in the state, an increase of nearly 400 percent since 1880.

The early settlements had always done their best to attract people to the territory, but now it was

far easier for new emigrants to make the trip. Moreover, the railroads themselves joined in the promotional effort, fundamentally altering the social makeup of the territory. According to one history,

Tens of thousands of pamphlets promoting the Pacific Northwest as a promised land flooded the East Coast and Europe. By 1883 the Northern Pacific alone had 831 promotional agents in Britain, with another 124 scattered over Norway, Sweden, Denmark, Holland, Germany, and Switzerland. In 1888 the Northern Pacific advertised in 3,385 newspapers and distributed 650,000 brochures.³

The railroads also provided a direct link to markets outside the region for previously landlocked areas, and thus spurred agricultural development. Certain established shipping and transportation centers also had access to vast new sources of products from farms, mines, and forests. The combination of more people and new economic opportunities meant realization of the long awaited boom for some of the early residents of the Territory.

The growth that had occurred in the 1880s changed the nature of many settlements, making some of them cities such as Othello and Yakima (then North Yakima). Others were left isolated until highways were built two decades later. Table 2-1 presents a comparison of the population growth of the state's leading cities of the early decades. It highlights the dramatic growth of the three major cities, and the much more modest increases of the three smaller cities. Ironically, of course, Vancouver, Olympia, and Walla Walla were the state's original centers of population.

Table 2-1 Leading Cities Population Growth

	<u>1870</u>	<u>1880</u>	<u>1890</u>
Seattle	1,107	3,533	42,837
Spokane	—	350	19,922
Tacoma	73	1,098	36,006
Olympia	1,203	1,232	4,698
Walla Walla	1,514	3,588	4,709
Vancouver	2,612	1,722	3,545

The Impact of Statewide Issues

For many, there was good reason to resent the railroads. In some cases, they had bypassed settlements built upon hopes of railroad connections; in others, the railroads seemed to charge excessive rates for shipping goods, or to demand heavy concessions for service. The railroads had vast landholdings, and charged high prices for plots near their rights-of-way. They brought with them as laborers some races and classes of people (mostly Chinese, with some Irish and eastern Europeans) who were starkly different from the older stock of settlers. And they seemed to be in control of the Territorial Legislature, if not the U. S. Congress itself.

A major consequence of the coming of the railroads was a focusing of agrarian discontent into the sometimes radical movement known as populism. In sharp contrast to the prosperity enjoyed by the logging and transportation industries, farmers saw themselves victimized by price-fixing and monopolies. Railroad, timber, and many urban workers were likewise unhappy with

absentee corporations and harsh working conditions. Starting in Whitman County in 1888, farmers and workers eventually coalesced in a broad movement seeking a number of reforms, and particularly the opportunity to vote for many state and local offices.

The other major issue in this period was prohibition, which took the form of efforts to eliminate the saloons that often operated 24 hours per day and were packed with drunken workers whose behavior offended middle class people. Woman suffrage was linked to prohibition, because it was assumed that if women could vote, they would help to eliminate the saloons. Both of these questions were, of course, highly controversial and sometimes dominant factors in the politics of the times

Local option provisions were particularly attractive, because they seemed to avoid the conflicts involved in setting a single statewide standard, and simultaneously to validate the independence of local communities and other units. The vote for women and local option laws were achieved in the late 1880s, but invalidated by the Territorial Supreme Court. The woman suffrage provision was ruled unauthorized the Organic Act (the Territory's "constitution"), and local option laws also were held to be unauthorized because they gave too much power to local units. In 1888, however, the anti-saloon advocates got a license law passed which permitted counties and cities to charge substantial fees to regulate the sale of liquor, and local elections sometimes became referenda on the presence of saloons.

There were at least two important consequences of the prohibition movement for local governments. One was the principle of local option, which encouraged the formation and self-identity of distinct local units — whether for the purpose of voting themselves "dry," or keeping themselves "wet." The other was the recognition that licensing of saloons and liquor generally was a means of control and a potentially lucrative source of revenue for local governments. In both of these cases, the existence, powers, and control of local governments became very important.

Statehood

With the influx of great numbers of immigrants in the 1880s, Washington soon had the population necessary to qualify for statehood. When Congressional politics became permissive in early 1889, an "Enabling Act" was passed providing for a constitutional convention and then admission as a state. A total of 75 delegates met in Olympia on July 4, 1889, and drafted the constitution under which (with many amendments) Washington is governed today.

The constitution that emerged was ratified in October, 1889, by a large majority — with only the city of Walla Walla and Whitman County opposed. As in 1878, separate questions regarding prohibition and woman suffrage were presented to the voters but rejected. Three cities competed with Olympia for the honor of being the state capital (Vancouver, Ellensburg, and North Yakima), but again (as in 1878) Olympia won.

The primary division at the constitutional convention involved matters that did not appear in the final draft of the constitution. Foremost among these was the desire by eastern Washington farmers that regulation of corporations (particularly railroads) should be continued in the new constitution. Specifically, the farmers sought a railroad commission to set rates and otherwise

regulate railroad charges and practices. But the political strength of the railroads was such that they could not achieve it. The best that the farmers and others opposed to the railroads could obtain was the power to elect a large number of state officials. This signal failure was part of the reason for opposition to the new constitution in eastern Washington, particularly in Whitman County.

Governance

Boundaries

Counties were the first form of government in the new territory. Governor Stevens convened the first Territorial Legislature in 1854, and it promptly added seven new counties and redrew the boundaries of the old counties for a total of fifteen in western Washington. Until 1859, when Klickitat County was created, Walla Walla was the only county in eastern Washington. Spokane County was twice created by the Legislature, in 1858 and 1860, but never organized; in early 1864 it was annexed to Stevens County, created in 1863. By statehood, however, there were thirty-four counties with most of the new ones created in eastern Washington.

Counties were needed because they were the local unit through which nearly all of the business of the territory was accomplished. They were integral to owning and selling land, building roads, keeping track of births and deaths and property transfers, and all forms of law enforcement. They were so essential, in fact, that the framework of county government was often created by distant Legislatures before settlers actually entered the area in any numbers.

Many such units were required so that citizens would not have to travel too long to reach them (in theory, the county "seat" was to be no more than a half-day's journey by horseback, so that citizens could transact their business and return home in one day.) Of course, it was not always possible for the Legislature to follow such rules; the county of Walla Walla for several years encompassed practically all of the land area between the Cascades and the Rockies, the Columbia River and the Canadian border.

Where counties were of more manageable size, however, there was spirited competition among settlements to serve as the county seat and enjoy the traffic and trading opportunities that went with it. This led in one case to a celebrated incident in which Lincoln County voters were unable to settle the issue between Davenport and Sprague in 1884:

Votes in both towns were in excess of population, with Sprague receiving the majority. Charges of fraud were made by both communities, but nothing could be proved. The commissioners gave orders for the offices to be moved, but the residents of Davenport protested. They immediately set up armed guards inside and outside the town to prevent removal of the records. Roads leading into Davenport were lined with armed men for three weeks, day and night, guarding the records. The men finally grew tired of standing watch and returned to their homes. Sprague was waiting for this opportunity and immediately sent an armed force upon Davenport. They surrendered the records, which were taken to their respective offices in Sprague.⁴ (Ultimately, Davenport did become the county seat.)

Not only were county seats contested, but also the boundaries of counties themselves. When then-King County voted to go dry in 1856, Seattle's Doc Maynard convinced the Territorial Legislature to divide King County into two counties, creating Kitsap County. The voters in the new King County immediately voted to go wet while Kitsap remained dry.⁵

The Legislature had selected the name Slaughter for Kitsap County, to honor a lieutenant who died in a skirmish with the Indians. Residents made such a fuss about the name that the Legislature added an amendment to the act permitting voters in the area to select a new name. This became the first local referendum measure passed by the Legislature. The new county's voters, apparently with different ideas about which side should be honored, overturned the Legislature's choice and named their county Kitsap, after an Indian chief of the region.⁶

The first Territorial Legislature also created the first municipal corporation in the territory, the Town of Steilacoom. Although there were several earlier settlements such as Vancouver, founded in 1824 by the Hudson Bay Company, this was the first formal creation of a municipal corporation with power to enact laws for the benefit of its residents. Twenty-nine cities and towns were incorporated at the time of statehood. Many of these were along waterways, including Steilacoom, Vancouver, Olympia, Port Townsend, Seattle, Tumwater, Tacoma, Kalama, Goldendale, and La Connor.

Counties, cities, and towns were created by a special act of the Legislature, usually on petition by local residents. The statute defined the boundaries, and (in the case of municipalities) made specific grants of powers to be performed. From 1871 until statehood, counties were authorized to declare a city incorporated when 150 or more people petitioned for that status.

Powers

The form for county government chosen by the early Provisional Government Legislature, and later adopted by succeeding Legislatures in Oregon and Washington, was that of Iowa counties. This model had many separately elected officials independently performing specific functions like property assessment, law enforcement, and tax collection. It provided broad opportunities for participation and influence, and much electoral activity — as if to make up for the lack of electoral control over territorial officials.

As early as 1863 the Legislature sought through statutes to maintain control over county powers adding a sentence at the end of the powers delegated to the boards of county commissioners which said "...and they shall have no other powers, except such as are, or may be given to them law."⁷ Although counties were apparently given broad police powers through the 1889 constitution (see discussion below), they were not interpreted that way by the courts — and, at times, by the Legislature itself. Not until 1948 would counties obtain a clear opportunity to govern their own affairs through home rule.

In 1854 the three county commissioners in each county were responsible for erecting and maintaining public buildings (e.g., the courthouse), building and repairing roads, granting licenses, levying taxes and supervising collection, approving bills charged to counties, and

supporting indigents. Over the years as the territory moved closer to statehood, several additional functions were added to the counties including public health. County commissioners from the early days had control over the approval of school and road district boundaries, and eventually over other special purpose districts as well.

Powers granted to towns were not much different from those Steilacoom received when it was incorporated in 1854. The Legislature gave it an elected seven member Council, plus an elected Mayor and four other officials. The Mayor held the veto power, unless overridden by a two-thirds vote of the Council. The city government was granted power to tax, issue licenses, make public improvements (including hospitals, cemeteries, and water supply facilities), and to enact ordinances for the health, safety, and welfare of its residents.

Many of the early cities and towns used their new powers to enforce moral standards or reduce physical hazards. For example, Seattle's first ordinances addressed such problems as prevention of drinking and disorderly conduct, building sidewalks, removing Indians to outside the city limits, and preventing swine from running at large.⁸ Seattle's only paid official, the Town Marshal, received \$300 per year to enforce these laws.

Over the years cities and towns obtained powers that had once been held only by counties. In 1881 cities were permitted to enact laws for paupers. By 1888, cities had obtained legislative authority to prevent counties from exacting liquor license fees within incorporated boundaries. Home rule powers, however, would have to wait for the state constitution of 1889 and even then they would be limited.

Structure: The Constitutional Framework of Local Governments

Though never implemented, the constitution that emerged from the Walla Walla convention included several provisions of lasting relevance to local government in Washington. The Legislature was enjoined from passing "local or special" legislation on a long list of subjects, and required to make taxes "uniform upon the same class of subjects." County government was to include many elected officials, all serving two-year terms. The capacity of the state and cities and towns to incur debts was strictly limited; the state's capacity to undertake internal improvements was also narrowly conditioned. In another effort to limit the railroads, all units of government were prohibited from granting or loaning money or credit to individuals or corporations for any purpose.

The substance of the Constitution of 1889 was much more detailed, consistent with the elaborate prohibitions on state government characteristic of the times, but otherwise not unlike that of 1878. Taxes were required to be uniform on all classes of property, and debt was limited. Local governments were allowed to incur debt within strict limits, with certain additions if they obtained voter approval. Prohibitions against any government lending money or credit to individuals or corporations were continued.

A new local government article (XI) protected the integrity of existing counties by limiting the conditions under which new counties could be formed. It also required that counties have a uniform system of government. The lively competition between cities for the status of county

seat was limited by making the choice subject to a three-fifths vote of the people of the county.

The local government article also followed the Territorial Legislature's recently established practice by providing for the incorporation of cities and towns through general, rather than special, acts of the Legislature. Cities over 20,000 persons (then Seattle and Tacoma) were entitled to frame their own charters. In one of its most significant provisions, the local government article provided (sec. 11) as follows:

Any county, city, town, or township may make and enforce within its limits all such local police, sanitary and other regulations as are not in conflict with general laws.

This grant (the so-called "police power") has given rise to much controversy. First, note that counties, at this point understood only as administrative arms of the state, are nevertheless here given the distinguishing powers of a municipal corporation. This grant of power has, over time, helped to justify the rise of the counties' role as providers of urban services and the resulting blurring of the distinctiveness of county and city roles.

Second, these words appear to grant broad "home rule" authority to local governments, particularly when read together with the provisions regarding cities' powers to frame their own charters contained in the section just preceding. Finally, the language would seem to grant all necessary powers whose exercise is not prevented by state statutes.

Subsequent interpretation by the state courts, however, has not been consistently favorable to broad home rule authority on the part of local governments. At times, the courts have held that local governments have only those powers expressly conferred upon them by the Legislature. But more recent decisions appear to indicate a trend toward accepting the "home rule" powers of local governments, particularly charter counties and cities, in the broad terms that the original language would suggest.

Revenues

In the early days of the territory, county commissioners levied property taxes for county use as well as for schools and the territory.

They could also exact 3 days labor (or the equivalent payment) from every able bodied man to work on roads each year, plus an extra day for each \$1000 of assessed value of property owned. Special assessments could be levied for local improvements such as ditches and drains. Cities and towns could levy a property tax as well. Another source of revenue for local governments was the license fees of grocers, saloons, ferries, and other businesses.

The Constitution of 1889 authorized the Legislature to vest in the corporate authorities of counties, cities, towns, or other municipal corporations the power to assess and collect taxes for their own use. However, local governments (even those with home rule) cannot override statutory limits on taxes nor devise their own taxes.

Current Significance

In retrospect, the two principal components or building blocks of the Washington local governance tradition seem to have arisen quite naturally in this formative period. Highly diverse settings and people led to insistence upon local option and control, and counties and cities — the two major local governments — had quite distinctive origins, characteristics, and roles.

The diversity that is still evident today among the local areas, regions, and cultures of the state (and their governments), is firmly grounded in the events and characteristics of life in these early years. Settlers lived in geographically distinctive locations, and in isolation (often recruiting others like themselves to come and join their new communities.) They came to different parts of the territory from sharply contrasting states and countries, experienced great difficulties in transportation and communication between settlements, and had conflicting loyalties in the Civil War. The waves of new immigrants who came after the railroads were completed in 1883 added further dimensions to this established diversity.

The principle that each local area should have as much local option and control as possible in all aspects of public affairs flows directly from these origins. Another source of this aspect of the tradition is the long experience of dependence and second-class citizenship that came with the 36 years of Territorial status. Washington citizens simply had to do things for themselves, and political initiative responsibility in the state thus lay at the local level. As we have already noted, however, a variety of powerful forces over time greatly reduced the capacity of local governments to "go it alone."

The distinctive origins and character of counties and cities are also clearly evident in this period. Counties meant the local presence of the Territory or state government, and their chief functions were those of the state. Even road-building originated as a matter of Territorial obligation. Cities were created to provide a safe community and economic identity for people living and conducting business in a concentrated area.

Thus counties and cities had totally distinctive governmental roles. In later periods, as their functions multiplied and special purpose districts were created in increasing numbers, the distinctiveness of each unit would be blurred and their roles come to overlap considerably. But in the beginning, there was very little conflict or competition between them.

Chapter 3: Development and Reform (1890-1930)

Development and reform were twin engines powering the new state into the early decades of the 20th century. Development, always on the agenda, was further necessitated at this time by two serious setbacks. One was the pair of devastating fires that occurred in two major cities, Seattle and Spokane, during the summer of 1889. The other was the impact of the panic and depression of 1893, which hit farmers particularly hard.

The discovery of gold in Alaska in 1897 thus could not have been better timed. And it is hard to imagine how any event in this era could have had greater developmental impact: commerce, especially shipping and wholesale trade, literally exploded—and population tripled once again between 1900 and 1910.

The War of 1898 led to quickened interest on the part of the federal government in shipyards and naval bases that could take advantage of Puget Sound's relatively good access to Far East nations. A Washington regiment served in the Philippines during the War, establishing an enduring connection to the new American outpost in the Far East. Expanded Pacific trade was being planned, and the Panama Canal, once actually open, seemed likely to spur local development. The Alaska-Yukon-Pacific Exposition of 1909 gave expression to all of these hopes.

At the same time, reformers of various kinds pressed their causes, often in alliance with each other. Farmers and workers joined in the populist movement of the 1890s, and urban middle classes joined with trade unions to support charter reform and municipal ownership of utilities. Prohibitionists achieved first a statewide local option law in 1909, and subsequently (with other reformers) the initiative and referendum in 1912, which they immediately used to legislate statewide prohibition in 1914. Simultaneously, many of the same groups sought public ownership of key developmental resources.

Much of this reform activity was highly controversial, and Washington was nationally recognized in this period for its political drama and violence. In both Seattle and Tacoma, mayors were recalled. The International Workers of the World were very active throughout the Northwest, and the "Everett Massacre" of 1916 and the subsequent trial of IWW members was widely reported throughout the country. Seattle's General Strike of 1919 was the first such strike to paralyze a major city, and (because it came soon after the Bolshevik Revolution) sent a wave of shock and concern across the nation.

World War I had powerful developmental impact on Washington and the entire Northwest. Shipbuilding was massively expanded, the ailing timber industry was provided with steady high demand for its products, and farmers enjoyed some of the highest prices in agricultural history. No group seemed left out of the general surge toward prosperity.

In the midst of all this turbulent development, conflict, and reform, the state's local governance tradition was essentially confirmed in the form it had developed in the territorial years. Counties and cities each continued to have basically clear and distinct roles. But the seeds of change were

sown by the Legislature's authorization of several new types of special purpose districts. Some were public entities devoted to economic development functions, such as the ports and public utility districts. Others such as water districts were intended to supply type services in the unincorporated areas. All were created through local option and control because private companies and established governments alike seemed unable or unwilling to provide these services at acceptable costs.

Local diversity was furthered by massive new waves of immigrants from all over the U.S. and foreign countries. Local option and control were the explicit rallying calls of charter reformers, "local option" prohibitionists, and the many different municipal ownership advocates. The latter gave rise to a farmer-trade union alliance that sought participatory local economic development in the form of port districts, marketing and transportation districts (never achieved), and subsequently public utility districts.

Background

Development

The primary goal, as before, was to draw people to the state. The gold rush was a great help, but permanent settlers with productive skills were still badly needed. In addition to the colonizing efforts of the railroads noted in the last chapter, almost every settlement and city maintained an active program for recruiting new citizens. They sought by letters and formal brochures to draw people like themselves to their new communities; many towns were populated from relatively small regions of the older states or foreign countries.

Immigration Aid Societies, Chambers of Commerce, and other organizations were joined by real estate agents in a vast promotional effort aimed at the rest of the country. The state maintained a Bureau of Statistics, Agriculture, and Immigration, and a state immigration officer, to aid in this work. In a little over five years at the turn of the century, the state sent out more than 5 million pages of literature describing Washington and its attractions to prospective emigrants. Many small towns built elaborate public buildings and other facilities, often going into debt, in order to attract future residents (and thereby drive up land values and enrich the earlier arrivals.)

The high point of Washington boosterism occurred with the Alaska-Yukon-Pacific Exhibition in 1909. Held on a 250-acre tract now occupied by the University of Washington, it was the focus of vigorous promotional activities. The transcontinental railroads offered discount rates, cities and counties had exhibits and special "days," and millions of advertising brochures were distributed. The energy and optimism of the region struck all visitors; their reactions were summarized by the American Review of Reviews as follows:

This summer's show is essentially a bid to settlers, an invitation to home-seekers, and an advertisement for Eastern capital to come West and help develop the natural resources which offer wealth on every hand. Dozens of new cities and new regions of farming and irrigation are "boosting" themselves at Seattle. Beginning with "The Seattle Spirit" one hears slogans at every hand. "You'll like Tacoma" is flashed at you in massive electric letters. "Investigate Vancouver" is the word which stares at scores

of billboards. "Yakima is Better" declares a prosperous young city in the irrigation belt. "Wenatchee, the Land of the Big Red Apple," is making itself known. "Where Dollars Grow on Trees" is a popular description for a leading fruit section, and so it goes, with "Boost, Boost, Boost" on every side.¹

Development in the state received a major boost from what is arguably the single most important business transaction in the history of Washington: the purchase by Weyerhaeuser Timber Company of 900,000 acres of land from the Northern Pacific Railroad in January 1900. With this purchase (at \$6 per acre in the currency of the time), Weyerhaeuser became the second largest private timber holder in the nation and the dominant force in the timber industry of Washington.

It would be difficult to exaggerate the impact of the second major population surge that occurred in Washington from 1900 to 1910. By that year, the Census Bureau classified the state as more than half urban. This sudden urbanization was due in part to the almost unimaginable growth of existing cities, and in part to the rapidity with which new cities were incorporating. Seattle and Spokane tripled in size, while smaller port cities like Aberdeen, Bellingham, and Everett equaled or exceeded this growth. Table 3-1 shows the growth pattern of the three now-established major cities of the state. By contrast with the two other cities, Tacoma grew relatively little; Seattle in particular expanded much more rapidly.

Table Major Cities Population by Year

	<u>1890</u>	<u>1900</u>	<u>1910</u>
Seattle	42,837	80,671	237,194
Spokane	19,922	36,848	104,402
Tacoma	36,006	37,714	83,743

Big city life was lively as Spokane banker Ned Barnes describes, "In the early 1900s Spokane was a town full of saloons and gambling houses. All did a thriving business. Everybody seemed to have money. Lumbering and mining were the big industries in the area. They brought a lot of money and a lot of men to town. There was no unemployment."²²

Another major source of economic and population development in this period was the federal government. The Panama Canal was a subject of discussion and speculation long before construction started. As the actual opening (1914) approached, there was avid attention in Washington to such probable consequences as increased trade, lower transportation rates for both railroad and ocean shipments, increased need for terminals and storage facilities, and higher land values in waterfront areas.

The federal government also became the sponsor of irrigation and reclamation projects after the Act of 1902. Parched land in Yakima, Kittitas, and Benton counties profited from federal irrigation projects such as Sunnyside, Tieton, and White Bluffs.

But World War I gave the federal government's developmental role a whole new form and importance. There was a sharp and general boost to prosperity in the region, with new demand for timber products (eventually including spruce wood for airplanes, which led lumberman William E. Boeing into a new enterprise.) Military bases increased in number and in

employment, and the shipbuilding industry was vastly expanded. Farmers received good prices for all they could produce. Wages were high in all areas, and tensions between workers and owners temporarily eased.

The Infrastructure of Development

The physical tasks of providing the base on which development can proceed are easily forgotten, once development is an accomplished fact. But major obstacles had to be overcome. In Seattle, for example, a massive regrading project was required to make the hills surrounding the waterfront accessible for industrial, commercial, and residential use. The dirt was used to fill the Duwamish estuary and make Harbor Island, now a major industrial area. The desire to make use of Lake Washington's economic potential by linking it with the Elliott Bay and the Sound led to several costly canal projects throughout this period.

Perhaps the most vitally needed physical support for development, once the basic railroad network had been completed, was the planning, construction, and maintenance of a road system. This was of necessity a county function. One of the very first acts of the Territorial Legislature had been to pass a bill requiring county commissioners to develop good wagon roads to connect the far flung settlements of the state. This meant that counties might have to go into debt, but the need was considered so great that legislators were willing to force the obligation onto counties if necessary. Most of the county roads, however, were conceived by settlers who petitioned the county commissioners to carry out their requests.

Because the technology of road construction was so rudimentary, building roads was a never-ending task. Dirt roads would be washed away, hopelessly rutted and muddy, or so dry that they literally blew away as dust. When the railroads finally came, they were far more reliable. But they were also few and far between, and their rates were felt to be very high. Adequate roads, particularly for farmers and settlements bypassed by the railroads, were an absolute necessity.

In 1893, the state began to provide some financial assistance to counties' road-building efforts. By and large, the counties viewed such aid as a very mixed blessing. The money was welcome, but state participation in planning where roads should go or in setting standards for construction definitely was not. Of course, roads for long-range travel had to connect with each other across county boundaries; however, ready agreement between counties about junctions and routes could not be assumed.

With the coming of automobiles (the first car made its appearance in Seattle in 1900), the development of an efficient road system became more compelling. A state highway fund, and a state highway commissioner to administer it, were created by the Legislature in 1903, but vetoed by the Governor as an expensive intrusion upon the counties. The same bill was enacted in 1905, and this time passed over Governor Mead's veto. Twelve state roads were planned (two major north-south routes and the rest east-west over the Cascades), with the counties to pay one-third of the cost and provide the engineering.

Even this shared-cost arrangement was too expensive for several counties, and cooperation was slow or nonexistent. The Washington Good Roads Association, a group made up of citizens,

automobile manufacturers and suppliers, and road-building interests, soon formed to advocate extensive highway building on a state-aided basis. They advocated the use of convict labor as a cost-saving measure for the counties, and, despite objections, this became routine practice in some counties for several years.

In 1907, the Legislature responded to the pressure by providing full funding and engineering for state roads and establishing a new category of state-aided roads in which the state would pay half of all costs but leave the choice of how roads were to be laid out to the counties. By 1911, the highway commissioner reported that one-third of all taxes collected in the unincorporated areas of the counties were going into road construction. New techniques now allowed for paving roads, so that a "permanent" hard surface could replace the familiar dirt and mud. The Legislature of that year duly enacted a "permanent" highway law, with a one mill levy (producing about \$1 million per year) to be shared among the counties.

By 1923, the Department of Efficiency could proudly report that there were more than 230,000 motor vehicles registered in the state, ten times the number in 1913, and more than 2,200 miles of state highways to accommodate them. Only 314 such miles consisted of paved surfaces, but rural car owners were used to hardships involved in what was essentially cross-country travel.

Reform

Prohibitionism and populism, both holdover issues from the past, enjoyed active support in urban as well as rural areas. There were also some who favored reform for "good government" reasons. This set of goals included elimination of the poll tax, establishing woman suffrage, institution of the direct primary instead of having nominations made exclusively by party "bosses" or conventions, and provision for direct legislation by the people in the form of the initiative and referendum. These efforts often drew active support from the various other reform groups, which both believed in such principles and hoped to achieve their ends more readily because of them.

Agitation for some of the good government reforms that would provide a larger role for the people began in the 1890s. The direct primary was achieved in 1907, and woman suffrage in 1910. Organized labor and the Grange entered a formal cooperative arrangement by forming a Joint Legislative Committee to conduct educational campaigns and lobby the Legislature. They succeeded in obtaining a workmen's compensation law, the eight-hour day, and the port district law (see below under structures) in 1911. The initiative and referendum amendment to the state constitution also was pushed through the Legislature in 1911, and approved by the voters in 1912. Finally, after several failures, the Grange achieved public power opportunities for the areas through the Public Utility District Law by initiative in 1930.

The prohibitionists' impact on local governments came about through the long-sought statewide local option law, which became effective in 1909. The issue of local option with respect to saloons had been part of Washington politics ever since such a law had been in effect briefly in the late 1880s.

As enacted, the law permitted an option by cities and by the unincorporated area of counties, not by the entire county as a single unit (as had been sought by the more "radical" prohibitionists.)

Cities were more likely to include recent immigrants, including some whose ethnic, religious, or class backgrounds accepted drinking as part of social life. There was often some tension between them and the largely Protestant farmers and small business people who lived in the rural areas and small market towns of the rest of the county.

Elections were held in rapid succession, despite the requirement that the petition calling for an election be signed by a number of voters equal to 30 percent of those voting in that jurisdiction in the last state general election. As early as January, 1910, for example, 8 counties were already completely dry and another 7 were dry outside their cities. In 1910 alone, there were 70 municipal local option elections, with 35 cities going dry; Everett and Bellingham were the largest cities to go dry. By 1912, the “drys” had won 140 out of 220 local option elections, and dry areas included 42 percent of the state population.

An example of the implications of voting dry may be seen from the case of Everett, as reported by its leading historian Norman Clark.³ After voting dry in 1910, the city no longer received annual saloon license fees (then ranging from \$300 to \$1,000 per saloon per year) and was faced with a revenue crisis. Mayor (later Governor) Hartley, a well-known “wet” as well as a leading lumberman, allowed garbage to pile up uncollected as a way of reminding voters of what they had done to the city. In 1912, despite the fact that women had obtained the vote in the interim, Everett voted to return to the ranks of the “wets.”

Governance

For counties, this was a period of growth within the framework of government and responsibilities that had been established since territorial days. For cities, growth often meant incorporation or annexation, and thus the creation of many new units of government, but the forms and powers were for the most part those that had become familiar. In the case of special purpose districts, however, this was the formative period. Although there were about a thousand school districts in operation, they somehow stood off independently. The only other special purpose districts were a few irrigation, diking, and drainage districts, which imposed special assessments. In this period, several new kinds of districts with new powers and purposes were sought and some created as integral parts of the reform movements of the era.

Boundaries

The organization of the state into counties was completed by the creation of six new counties after statehood; the last of these was Pend Oreille in 1911. Chehalis County did change its name to Grays Harbor County in 1915, but — despite recurring proposals for the formation of new counties — no further changes have been made. Part of the reason for the slowing of county creation and boundary change after statehood was the new constitutional provision requiring that new and old counties have certain minimum populations.

By 1910, of course, nearly counties had ample populations; Chelan, Franklin, and Yakima counties all roughly tripled in size during the preceding decade. Counties increased in size in this era partly as a result of the population boom, but also partly because of a legislative change in the procedures by which territory adjoining a city could be annexed into that city. In the 1890s, it

was necessary for 20 percent of the voters inside the city to initiate a proposal for annexation, and a majority of voters in the city and the area to be annexed were required to approve the proposal.

In 1903, however, the Legislature authorized consolidation between first class cities and third class cities, if the voters in each approved. Ravenna and the City of South Seattle incorporated just so they could be included in Seattle. But others still found the procedure too cumbersome, and in 1907 the Legislature authorized annexation into first class cities by any unincorporated area, dependent only on the approval of the voters in that area.

The annexations that occurred were on the part of residents who were eager to obtain municipal services such as water, sewer, and cheaper electric power. The 1907 case of Ballard is a famous one.

Two-thirds of Ballard residents were without water in the middle of winter, because inhabitants left their water on to prevent their pipes from freezing. When there was water, its quality was dubious; a water superintendent found that a pail of water from a house faucet was half full of angle worms. But mill owners, saloon operators, and Ballard city vigorously opposed annexation. The proposal narrowly won approval amidst lively controversy.⁴

Seattle, Spokane, and Tacoma had their largest annexations from 1890-1910 with a peak year in 1907 as the annexation laws became less restrictive. During this time, Seattle annexed 34 square miles, Spokane 59 square miles, and Tacoma 29 square miles.

The number of cities also took a sharp jump in this period. At the turn of the century, as a result of a half century of settlement, there were about 80 cities and towns of all classifications in the state. But in the next twenty years, 90 more cities were incorporated. There were two primary reasons for this remarkable wave of incorporations: the sheer population growth of the period, and the effects of the local option law by which cities could form to either vote themselves “dry” or keep themselves “wet”. The incorporation laws passed in 1890 required a minimum of 300 inhabitants for a city or town to incorporate. Some legislators proposed that limits be enacted to prevent a potential new city from incorporating next to a larger city. These amendments were defeated and such limitations would not occur until the late 1960s.

Powers

Counties functioned almost exclusively as agents of the state in this period. That is, they performed their recording, tax collection, and law enforcement services as the local manifestation of the authority and responsibility of the state government. Municipal services and the kinds of ordinances that are needed when people live in close proximity to each other were, for practical reasons, the exclusive province of cities. County commissioners played an enabling role in the creation of new cities and special purpose districts, but that was the extent of their responsibility for urban life.

Nevertheless, there were significant areas of discretionary responsibility and a growing importance to what county governments did in this period. Licensing, particularly of liquor sales,

and health functions such as quarantines and hospital construction and maintenance, were prominent among these. The counties' traditional responsibility for care of the poor was made explicit by the Legislature in 1895, and soon became a serious drain on available revenues as indigent immigrants and destitute unemployed citizens drifted through the state.

The powers of cities were defined through the Legislature's enactment in 1890 when they divided cities into four classes each with a different set of powers. The City of Seattle was one of two first class cities, and accordingly became a kind of model for the development of Washington cities generally. Seattle was the first to work out a home rule charter, the first version of which was approved by the voters in 1895. Among other things, it provided that the City would operate its own water supply system and present to the voters a plan for undertaking to supply electric power as well. Tacoma had pioneered in generating its own electricity from hydroelectric dams, and Seattle soon committed itself to developing Seattle City Light.

The question of a city going into the business of owning water, sewer, transportation, and electric supply systems, selling services to residents as well as providing them for city facilities, was highly controversial. (Voter approval is required for cities to initiate a new utility system.) Some citizens felt that the city was incompetent to do such things, and others that it should leave them to private enterprise. The poor service and high rates charged by private suppliers, however, soon led to the formation of a "municipal ownership" movement advocating widespread public ownership and distribution of many services. Trade union members joined with middle class reformers to sponsor several candidates supporting municipal ownership and public control over essential services. Vancouver was the first city in Washington with an electric light plant. In 1888 the city council took bids from private companies and after much debate decided that it would be cheaper to build and operate their own. On February 5, 1889, the boiler was fired up for the first time and 26 carbon arc street lamps flickered on. "So happy were the local people that the number of lights increased to 45, including a light in the jail, town hall, fire station and hotel...(but) hard times came to Vancouver in the 1890s and the council decided to provide lighting only during the dark of the moon in the darkest 6 months of the year."⁵

Disasters and crises also played a large part in guiding the formation of city policies and ordinances at this time. The great fires of 1889 compelled Seattle and Spokane to create paid, full-time fire departments. Plague outbreaks in Seattle led the city to employ 25 professional rat trappers, require all new buildings constructed to be "rat proof" (by using concrete floors), and enact laws to improve garbage collection.

Structure

As mentioned above, the Legislature created four classes of cities and towns in 1890. For the first ten years of statehood most cities had a strong government, but by 1910 the form of government for cities and towns was most commonly commissioner with each commissioner in charge of a specific function. The change occurred probably because of a mistrust of concentrating the power in the hands of a single person. Consideration of spoils versus merit systems was actively debated. Tacoma was the first city on the west coast to enact a civil service commission in 1896.⁶

The Legislature also in 1890 divided counties into twenty-nine classes (reduced in 1919 to nine

classes). These divisions were made to enable the Legislature to set county official salaries, and to combine offices. The large number of classes showed the difficulty that the Legislature had in developing a uniform system over the diverse group of counties. The commissioner form of county government, which had been in place since the early territorial days, would remain the same for another 60 years.

Revenue

Revenue bonds (bonds repaid by the rates charged for services, rather than through taxes) became the primary method to finance utility systems during the 1890s. Spokane initiated the first revenue bonds in the United States to finance a break in their new water system, and the State Supreme Court held that such bonds were not subject to constitutional limits on indebtedness. In 1897 the Legislature amended the statute to permit a utility to operate under a revenue system. With the Alaska gold rush on in the late 1890s, the bonds for Seattle's development of the Cedar River water supply system were eagerly bought up by people with new money to spend.

Although the property tax remained a major source of revenues, licensing fees for saloons also represented an important source for local government budgets. Even in smaller cities such as Olympia, liquor license fees represented about 25 percent of the revenues received.⁷

New Governments

While counties and cities grew rapidly, it was essentially within existing structures. But this was the period in which special purpose districts began to take hold, and to be the focus of popular aspirations for economic and political development. As the name suggests, special purpose districts are entities created to provide one or more services for which a general purpose government like a county or city seems inappropriate or unavailable. Several types of special purpose districts were authorized before 1910, but most of these were merely means of taxing those who were to benefit from some local improvement.

Irrigation districts, while authorized, were not numerous; diking and drainage districts helped property owners in lowlands to share the cost of controlling the flow of water. The first irrigation of any consequence was in Yakima. One historian sums up this early experience as follows:

Construction in most cases was poor and collections inadequate to maintain the irrigation plant. The result was poor service and frequent lack of water because of their failure to provide storage reservoirs. Considerable difficulty was also experienced in the collection of tolls and water charges.⁸

Eventually the federal government assumed responsibility for a number of these irrigation projects.

Diking and drainage districts were most numerous in Skagit, Snohomish, Island, and Whatcom counties. Different standards and operations of these districts would lead to heated arguments

amongst the various groups who maintained them.

Spokane and Whatcom county citizens created townships in the early 1900s. These were a crossbreed between general purpose governments and special purpose districts. The main reason for their creation in Spokane was that the farmers did not feel that the county commissioners were providing adequate road service. There were about 50 townships in Spokane and 30 in Whatcom. Their primary functions were road building and maintenance, tax assessment, garbage dump operations, and animal control enforcement.

The only district applicable to urban areas was the metropolitan park district, which was authorized by the Legislature in 1907. Only one such unit was created during this period, the Metropolitan Park District of Tacoma, which was instituted in order to permit Tacoma to develop a zoo (and eventually other park sites outside of the city.)⁹

The reform movement that sought to establish public port districts in Seattle and elsewhere was therefore breaking new ground, and in effect seeking to develop democratically controlled public enterprises with far reaching powers and potential. The groups that rallied to this cause included former Populists, the municipal ownership movement, the Grange, and urban trade unionists. Each saw great benefit from having publicly owned terminal and storage facilities that would be efficient, open to all, and fairly priced. At the time, the waterfronts were monopolized by the railroads.

The port district law was passed by the Legislature of 1911, the same Legislature that enacted several other major reform statutes. It authorized ports to be formed by vote of the people of the county or smaller area covered by the port. Three commissioners, once elected, would then have powers to tax and incur debts, acquire land by eminent domain or purchase, plan, build, and operate terminals and similar facilities. Initially, their plans and major financial transactions also had to be approved by the voters.

The Port of Seattle was created in the same year and set about a controversial program of acquiring and building new docks and loading facilities. Among the strongest supporters of the Port of Seattle were eastern Washington farmers who benefited from lower rates and easier access for shipping their products. With the precedent of Seattle before them, other cities also began to develop public ports.

Such public enterprises appealed to reformers because they seemed to be ways of enhancing the economic opportunities of farmers and workers. They were thought to be able to do the job better and at lower cost to producers. From this point on to World War II, reformers called for this kind of participatory public enterprise to be instituted in order to remedy a number of problems in the state. Public utility districts were sought for some of the same reasons, and finally authorized by initiative after years of bitter campaigning in 1930. Several of these were formed in the late 1930s and 1940s, after the federal government granted preference to public entities for the power generated by the hydroelectric dams on the Columbia.

Other much less controversial districts were created in these years as well. Prominent among these were water districts (to supply drinking water to areas of cities where private sources were unavailable or uneconomical), and reclamation districts (to develop irrigation and other soil

improvement programs for farmers in conjunction with the federal government.)

The state was thus developing a method of responding to particular groups or needs by designing a public vehicle for providing a service that was otherwise not available or not economical. General purpose governments were sometimes reluctant to take on such new responsibilities. At other times, the function seemed so important that voters wanted to be able to control its performance in a direct manner. In any event, the special purpose district method took hold in this period, and ultimately became one of the distinguishing features of Washington's local government system.

Current Significance

The overall effect of these developments was to confirm and continue the state's local governance tradition in essentially the form in which it had developed during territorial days. But the beginning of change also became evident.

The diversity of local areas was increased further as new waves of immigrants came to the state. Often people from particular parts of foreign countries came to join their former neighbors and build up distinctive enclaves in cities and towns. Geographical isolation was only slightly broken down by the growing highway system, and development proceeded at an uneven rate.

Consistently, local option and control was the major driving force behind the creation of special purpose districts as the means of achieving whatever goals people had. Reform goals of participation and democratic control over new public enterprises merged with basic service needs on the part of people outside of cities, and in some cases the needs of people in unique rural situations, to make for a powerful surge of district formation.

In Washington, the identification of a problem or need sent voters and their legislators to the drawing boards to create a new kind of special purpose district.

The roles of counties and cities remained basically distinctive. But here too there were actions that would ultimately result in change. Both cities and counties were providing courts, jails, and public health functions. As special purpose districts began to be authorized, the prospect of blurring the distinctiveness of governmental roles grew stronger.

Chapter 4: The Depression Era (1931-1940)

The Depression bankrupted loggers, farmers, and manufacturers alike, leaving thousands of workers unemployed. Manufacturing employment was barely half that of the World War I era, and agricultural prices and employment continued their 10 year slide. Many people could not pay their property taxes or mortgages. As a result, a number of properties were foreclosed, but neither banks nor governments were able to convert them into taxpaying resources. The combined effect of the Depression and reduced property taxes soon crippled local governments. Obligations mounted, but local governments were unable to provide relief to the unemployed, much less meet their payrolls on their own.

For the first time, the state and federal governments began to play significant financial and administrative roles in bolstering local economies through public works and other unemployment relief projects. These efforts would expand over time, changing local governments from relatively autonomous entities to ongoing partners with state and federal governments.

Widespread revenue pressures, the cities' reluctance to expand their boundaries, and the counties' inability to adapt to new needs all contributed to opening the field for the new form pioneered earlier — the special purpose district. These new governments were all that was available to residents in the unincorporated areas outside of cities, and so they began slowly to increase in numbers.

Together with massive public works projects building roads, bridges, and dams, these new urban service providers began to build the infrastructure for a new kind of growth and development in the state. This new growth, almost entirely in the unincorporated areas, would ultimately compel change in the earlier local governance tradition.

There would be no less local diversity, and the demand for local option and control would be acted out vigorously through the public power movement of the early 1930s. At the same time, all units were affected by the same financial problems, which demanded outside help. Local autonomy began to be diluted by the infusion of state and federal financial transfers. Similarly, the distinctiveness of counties and cities began to be blurred by insistence of the new unincorporated area residents on municipal-type services. These forces set in motion a process of evolution in the principal components of the state's local governance tradition that has yet to run its course.

Background

The population surge of the early 1900s ceased shortly after 1910, and the statewide average increase for the two decades from 1920-40 was only 28 percent. Some counties such as Cowlitz and Mason still had relatively large population increases (241 percent and 136 percent respectively), but other counties especially in the wheat fields of Adams and Lincoln lost population (36 percent and 25 percent respectively).

The Depression

The Depression began in eastern Washington in 1921, when agricultural prices dropped sharply. Farm income in the Northwest fell more than 50 percent in 1921 alone. Although there were brief periods of recovery, thousands of laborers and farmers were forced off the land and had to seek employment elsewhere during the decade of the 1920s.

With the stock market crash of 1929, urban areas began to feel the impact of the Depression as well. By 1933 incomes in the Northwest had dropped to 55 percent of the level they were at in 1929. The number of unemployed in Seattle was variously estimated at from 23 percent to 60 percent and, as one historian notes, "Washington's desperate apple growers encouraged the unemployed to peddle their crop on the nation's street corners, thereby creating one of the enduring symbols of the Great Depression."¹

The unemployed set up shanty towns of tar paper and cardboard and instituted bartering systems in place of money. Seattle's Hooverville was perhaps the biggest with 500 shacks along the southern Port of Seattle area with no running water. Two hunger marches rallied on the state Capitol steps in Olympia during the cold winter session of 1933. Placards read: "We Demand Food and Winter Clothes." Demands were made for unemployment insurance, special relief for rural families, and a moratorium on mortgages and rent.²

In Seattle 57,000 people registered for unemployment by 1932, up from 4,000 the previous year. The city street, water, and lighting department provided work for 200 of these people and rotated them every two weeks.³ By the mid 1930s the City of Seattle ranked third in municipal debt across the nation (New York and Philadelphia ranked first and second.) The City paid its employees with registered warrants stamped "not paid for want of funds." Often the local banks would only cash these registered warrants for a steep discount.⁴

The Depression affected timber and urban county budgets the most severely. These counties lacked the financial resources to meet their citizens' needs, even though the state Supreme Court held that county public assistance obligations were so vital that they could justify deficit spending and debt. County welfare budgets increased overall by 700 percent from 1925 to 1932; some counties such as Chelan collected less than 50 percent of the taxes they were owed. In part, some people were simply unable to pay the property taxes, but in other cases timber companies had logged the forests, refused to pay the taxes and left the stripped land for the county to assume.⁵

Tax Reform

The Depression had several immediate impacts on state politics, and particularly on the state's tax system. In the 1932 election, Democrats were installed as the majority party in the Legislature for the first time in the state's history. This dramatic election not only gave the Democrats overwhelming majorities in both houses, but also enacted two initiatives that made sweeping change in tax policy.

The financial impact of the Depression had already become so severe on both the citizens and

state and local governments that the State Grange, Seattle realtor groups, and other concerned people proposed an initiative to limit the property tax (the primary source of revenue to state and local governments). A second initiative was proposed recommending a new source of revenue, an income tax, to make up the loss from property tax revenues.

Sixty-one percent of the voters approved a 40 mill property tax limit in 1932. This meant that total regular annual levies could be no more than 40 mills at an assessment level of 50 percent of true and fair value (unless the people voted to increase this limit). This initiative was the first limit on the property tax in the state's history. An earlier attempt in 1924 was soundly defeated, but by the late 1920s, property taxes had doubled in 15 years to 3 percent of the value of property. The doubling of taxes plus the inability or unwillingness to pay the taxes helped pass the measure. The effect of the 40 mill limit dropped the percent of property value taxed from 3 to 2 percent. Combined state and local government taxes decreased 50 percent from 1931 to 1941 at the same time that service needs for the unemployed rose dramatically.⁶

The 40 mill limit was approved by the voters every two years after 1932 until 1944 when voters approved its permanence in the state's constitution. Ports and public utility districts were later excluded from the 40 mill limit, and subsequently new limits were placed on tax rates in 1971. The latter began as limitation of property taxes to 2 percent of the assessed value of property, then assessed at 50 percent of true and fair value. In 1971, when assessments were at 100 percent of true and fair value, the limitation was set at 1 percent.

Seventy percent of the voters also approved a graduated net income tax proposal in 1932. (The Legislature had proposed an income tax in 1931 which the Governor vetoed.) Most of the voters at the time did not have enough income to pay a federal or state income tax. The State Supreme Court overturned the tax on the grounds that net income is property and as such must be taxed uniformly. This ruled out a graduated tax which would tax people on their income level and thus vary depending upon which bracket they were in.⁷ There was some speculation that the real reason the court turned it down was that people did not like the way the State Tax Commission was implementing the tax. The forms were long and complicated. Very few states had implemented a state income tax at that point so the Commission did not have many models to draw from.⁸ Subsequent constitutional amendments to amend the uniform property provision and provide for a graduated net income tax were defeated by voters in 1934, 1936, 1938, 1942, 1970, and 1973 by an increasingly larger proportion of "no" votes.

With the income tax ruled unconstitutional in 1933, the state turned to other tax sources through the 1933 Business and Occupation Tax and the 1935 Revenue Act which created, among other taxes, the state sales and liquor taxes. These state taxes along with the property tax form the basis of the state tax structure today. Local governments, however, were left for the most part to struggle with the property tax and user and license fees for another six decades as their operating budget revenue sources.

Counties and cities did receive some state shared revenue assistance from the Legislature. One example was the gas tax passed in 1933 which provided funds to counties and first class cities to support their road building efforts. Cities and counties also received a portion of the state liquor revenues based on their respective populations. Liquor taxes had originally belonged to local governments until Prohibition was instituted in 1916, causing a loss of an important revenue

source.

State Assistance

One of the state Legislature's first actions in 1933, after the two revenue initiatives were passed, was to create a State Emergency Relief Administration to obtain federal relief funds and to assume many of the counties' welfare responsibilities. The Legislature also provided some of its own money for emergency relief projects, by overriding the state's constitutional debt limit (at that time) of \$400,000 to permit the sale of 10 million in state bonds.

The constitution provided for such an override if the state needed to contract debt to repel invasion, suppress insurrection, or defend the state in war. The Legislature cited the need for such an action to address the hunger marches and other acts of "insurrection" occurring throughout the state. The State Supreme Court upheld the issuance agreeing with the Legislature that if they didn't support the measure there could well be an insurrection on the part of the unemployed.⁹

Functional Shifts

In addition to the state assumption of welfare administration, three other local to state shifts occurred during this time: 1) the state takeover of game wildlife functions from counties (approved by voter initiative), 2) the passage of the state highway act, and 3) state regulation of liquor sales.

While people in western Washington favored the game responsibility shift to the state, people in eastern Washington objected to the removal of local discretion in managing hunters and game poaching. One game warden in Stevens County who was informed about some people poaching was alleged to have said "I never saw people living with as little as they did. They didn't have but one piece of clothes a piece, and to try to arrest them for killing a deer! I would have went out and helped them get one."¹⁰

With the growth in population that had occurred across the state and a new reliance on motor vehicles, there was an increasing need to develop inter-county roads with modern uniform standards. The state highway act was passed in 1937 to address these needs and increase the state role through a comprehensive code which defined spheres of influence and administrative control over city, county, and state roads.¹¹

When Prohibition was repealed by the voters in 1933, the state removed the local control over liquor sales and set up a state liquor commission which shared its revenues with city and county governments who no longer had the power to tax the liquor directly. Prohibition had been flouted by many people in the state throughout its 17 year existence. Local governments tried to turn necessity into virtue by collecting fines from those who violated the law. "In Clark County, (the) sheriff had gained a wide recognition for his war on moonshiners. His raids knocked over stills through the county and brought in thousands of dollars in fines. His first six months in accounted for more than \$10,000 collected from violators."¹²

Public Works

The Federal government through the Works Progress Administration provided the funding for building the Grand Coulee and Bonneville dams. Initially, the purpose of Grand Coulee was irrigation of the vast Big Bend or Columbia Basin area. Hydroelectric power was an afterthought, but then became a major priority as World War II approached.

In 1933 Congress had appropriated \$377,000 to begin work on the Grand Coulee. By 1937 there were almost 8,000 people building the dam. But it was not until 1941, on the eve of World War II, that power was first available. Aluminum industries set up business in Spokane, Longview, and Vancouver to take advantage of this newly created power.

While the Grand Coulee project was the biggest, there were many other smaller scale federal projects which provided, along with the state bonds, opportunities for state and local governments to build bridges, roads, schools, sewers, and parks. Of these public works, some of the most significant engineering feats were accomplished in building the bridges across Lake Washington and the Tacoma Narrows. Each of these bridges would ultimately open vast tracts for suburban home growth outside of the cities of Seattle and Tacoma after World War II.

Governance

Boundaries

City incorporations dropped to 8 from 1930-39. Most of these incorporations were in central Washington, including Grand Coulee in Grant County in 1935. With the impact of the Depression during the 1930s, the cities of Seattle, Tacoma, and Spokane stopped annexing territory.

Originally, in Washington, as in other states, cities were expected to be the providers of urban services. People living outside a city's limits sought eagerly to be annexed so that they could receive water, sewer and fire services. During the 1930s, cities were unwilling for the most part to provide services to the growing unincorporated populations outside their boundaries. Extending city boundaries to assume additional residential properties and provide services did not appear cost effective to cities trying to balance their budgets in the Depression. The first major suburban development of the state was platted in the area of Pierce County in 1937 which would create a new kind of population in the area, demanding urban services but rejecting city control.

Powers

The federal government served as a catalyst to creating the first planning effort requiring states to form planning councils in order to qualify for federal works projects. In 1933 the Washington State Planning Council was created to survey and plan for orderly development of natural agricultural resources. The intent was to transfer business principles of planning to government. The Council went beyond its initial scope and delved into the local government arena

recommending the creation of city and county planning commissions and prevention of unwise subdivision development. They created model municipal zoning and planning commission ordinances.

In 1935 in response to the Washington State Planning Council, the Legislature passed the first local government statute which permitted cities and counties to set up planning commissions to recommend plans and zoning ordinances to their respective legislative bodies. This was the beginning of regulation of private development. While most of the planning commissions' work would be purely advisory, the commissions were required to review and approve proposed plats in the metropolitan area. Few cities or counties actually implemented planning commissions until the pressures of growth and availability of federal funds during the 1950s and 1960s allowed them to develop planning programs. One of the major obstacles to the planning commissions' work were the local citizens who feared that once a zoning ordinance was passed the law would be fixed forever.¹³

Those who did implement planning commissions had to struggle to obtain resources and recognition as in the case of the city of Yakima's planning commission created in 1937. "One running battle developed immediately after getting the start of a staff in that we had to fend off other city departments, including (city) commissioners themselves from making an errand boy of our planner. The other departments were convinced the planner had nothing to do and that his stenographer should be available for their use."¹⁴

Structural

The potential for change in local governance structures for the county was available as a result of the dramatic set of economic conditions across the state during the 1930s. Constitutional changes were proposed by the Seattle/King County Municipal League to the Legislature to permit: optional forms of county government, the consolidation of counties, repeal of townships, county home rule, and county-city consolidation.¹⁵ Although some bills were introduced, the Legislature did not take any action. If these changes had taken place, it is possible that some counties might have assumed new powers to become urban service providers.

The major reform in cities during this time was a state law passed requiring the cities to create fire (1935) and police (1937) civil service systems if the city had full time departments. Current employees were blanketed into the system to dampen their opposition. Over the years these employees and their unions would become some of the strongest supporters of increasing city budgets to fund their salary hikes and pension benefits.

Revenue

With the property tax limits effective in 1933, some cities west of the Cascades began to make extensive use of their ability to license businesses and exact heavier fees for the privilege of doing business. These fees have subsequently become known as business & occupation taxes. Cities east of the Cascades have never implemented the B&O tax (with the exception of Spokane on two occasions) in part because they felt they did not have the same mix of large and diverse businesses. Counties, on the other hand, did not have these alternative methods of revenue

available to them. Both cities and counties would begin to depend on the state and federal government to supplement their losses.

New Governments

In 1932 Mason, Benton, and Franklin Counties formed the first public utility districts under the newly enacted PUD Law. Skamania County developed the first countywide PUD in 1939, issued the first revenue bonds, and received the first power from the newly created Bonneville Power Authority. Washington would obtain most of BPA's transmission and substation facilities (compared to Oregon and Idaho whose Legislatures were dominated by private power interests) because the appropriate public agencies were already in place or authorized when BPA was created. The federal statute's "preference clause" favoring public power agencies was instrumental in spurring PUD development in Washington.

With cities reluctant to grow and counties incapable of changing their governing structure and revenues, the necessity arose for special districts to fill the gaps by providing a single service on a geographic basis. Gradually, special purpose districts assumed the role of urban service providers to people outside of cities. Community clubs, ad hoc citizen groups, or developers coalesced to form special purpose districts to provide services in the unincorporated areas so that the need to annex or incorporate became unnecessary. As economic conditions improved and cities began to reexamine their passive or nonexistent annexation policies, they found it difficult to win the unincorporated population over to the city. The people could obtain the exact level of services they desired through special purpose districts, thus eliminating their need to be annexed by cities.

In 1933 fire protection districts were permitted to be formed in class A counties if county commissioners deemed it appropriate for an election to be held for that purpose. At that time these districts were financed by special assessments. They were set up initially because the cities would not provide such services outside of their boundaries for fear of liability problems.

One example of this problem during the 1930s involved the burning of a druggist's house in White Center, King County. The house was 6 lots outside Seattle's border. When the city fire department was summoned they came, but only to their border, leaving the house to burn to the ground.¹⁶ In 1939 fire protection districts were permitted in any county and financed through the property tax. In 1941 cities obtained permission to operate fire equipment outside their boundaries without incurring liability — two years too late.

Current Significance

The Depression era was the period in which the various factors causing change in local governance tradition began to converge and start the evolutionary process into motion. The infrastructure — both physical and intergovernmental — was laid for a new pattern of growth that would soon speed the process of changing the earlier tradition.

The diversity of local areas, both geographic and cultural, had always been one of the realities of Washington's local government scene. In this period, the impact of the Depression was varied in

different parts of the state. Some local areas had serious problems with which they were quite unable to cope. The problems of many such local governments began to require state and federal assistance.

The insistence upon local option and control thus began to be transformed in this period. Some problems crossed the existing boundaries of local governments, requiring new and unfamiliar cooperative efforts. Many local governments were simply unable to finance the services that their populations expected, and powerless to deal with the crisis of unemployment. Assistance from the state and federal government was essential, for everyday functions and for the public works programs that were integral to recovery. But with every needed bit of help from other levels of government, the independence of locals was threatened. A new and less autonomous role was in the making, one in which local governments would be partners in an integrated system of intergovernmental relationships.

Further, population growth and federal and state efforts combined toward recovery in this period and helped to blur the formerly distinctive roles of cities and counties. The new public works programs were particularly evident in the field of transportation, with highways and bridges beginning to make travel between formerly isolated areas much more practical. The technology of automobile construction and of road building went hand-in-hand, so that travel was also comfortable and inexpensive.

One major impact was that people could readily live at greater distances from their places of work, often in the once rural unincorporated areas. With cities reluctant to expand, and counties limited in their ability to respond, special purpose districts were created in increasing numbers to fill the role of service providers. The three types of local government began to have more and more functions and responsibilities in common with each other.

Chapter 5: Prosperity & Suburbanization (1941-1960)

World War II brought massive growth of war manufacturing industries (ship and airplane building, aluminum and plutonium), migrant populations to work in these industries, and vast new demand for housing and related services to support the new arrivals. Washington was a different, more modern, state after the war. Essentially, the natural resources base of the state economy was modified by the addition of higher wage manufacturing and services jobs. Prosperity was relatively widely shared, and the middle class expanded.

After the war, many personnel and wartime civilian migrants settled permanently in the state, and other people moved in. The war industries converted into peacetime pursuits and new opportunities for farming in eastern Washington became available under the extensive irrigation system of almost 700 square miles created by the Grand Coulee Dam. The pressures for inexpensive family housing, aided by federal mortgage and highway programs, created thousands of new subdivisions outside of cities.

The context of local governments in this period was defined by growth — a growth that occurred chiefly but not exclusively in the unincorporated areas around cities — and the difficulty that all governments had in adapting to this growth. Both of the major components of the local governance tradition began to undergo substantial pressure. But alternatives were not easy to imagine and even harder to implement. The changes that occurred followed the paths already charted, with some ad hoc solutions to specific problems added to them.

Local diversity became a diversity of problems. Local option and control gave way in the face of the need for financial and other assistance, and local autonomy took the form of an explosion of special districts. Belatedly, cities and counties sought to cope with the new growth, but in so doing began to compete with each other for the same tax base and to provide similar services.

Background

The state's population increased by 64 percent in the two decades from 1940-60. Counties experiencing growth rates of roughly 70 percent or more included: Benton (415 percent), Clark (88 percent), Franklin (270 percent), Grant (217 percent), Island (222 percent), King (85 percent), Kitsap (90 percent), Pierce (77 percent), Snohomish (94 percent), and Spokane (69 percent). Most of these high growth rates were the result of the buildup in defense installations and related services.

Wartime Growth

Two of the most dramatic areas of growth occurred during the World War II in Hanford and Vancouver. The federal government selected Hanford in the Tri-Cities area of Benton and Franklin counties as its site to begin the secret production of plutonium for the atomic bombs used in the war. The site had what the federal government was looking for: sparse population, plus large quantities of cold pure water and a plentiful supply of electrical power from the Columbia River. “Until 1943 Hanford was a quiet village of 125 people who tended fruit trees

and farms for a living. One short year later (it) was America's largest civilian construction camp. A city of 45,000 bursting at the seams with shopping centers, a city bus system, churches, schools and taverns.”¹

During the war, the Vancouver area population increased over 200 percent. To cope with the increase in military population and shipyard workers, the federal government through the Vancouver Housing Authority created 12,000 family units and 10,000 dormitory units of temporary housing along with separate sewer and water systems and ninety miles of streets. The Clark County PUD, created in 1938, was selected over the two private power companies in the area to provide electricity to the new war housing projects through a government contract.

After the war, in a true intergovernmental cooperative effort, Vancouver, Clark County, the city and county planning commissions, the port and school districts developed a plan for the disposal of land occupied by war housing. They wanted the land cleared to avoid the creation of slum housing from the temporary dwellings. They also wanted to prevent the cleared land from being dumped on the market, perhaps depressing property values and setting off a spurt of uncontrolled growth. They insisted that the federal government let the local governments be in charge of disposing the land, arguing that they understood the community best and could release the land for private use as growth needs arose.² Ultimately, the city took over the operation of the utilities in 1947 and annexed the area in 1950.

Federal Program Incentives

During the late 1940s and 1950s, the Federal government initiated a number of programs: Federal Housing Administration and Veteran's Administration loans, the Interstate Highway Act, Clean Water Act and the Library Services and Construction Act of 1956. These programs facilitated growth into unincorporated areas by providing financial incentives and services that were previously unavailable.

The Federal Housing Administration (FHA) and Veterans Administration (VA) insured long term mortgage loans made by private lenders for home construction and sale. The FHA established minimum standards for home construction which favored construction of new single family projects rather than modernizing old housing stock. Whole areas of a city were declared ineligible for loan guarantees creating the impetus to build new residential developments on the edge of the cities, neglecting the cities' housing stock available for renovation. The deduction of mortgage interest from gross income for federal tax purposes provided an additional incentive for people to take advantage of the low interest loans.³

The Federal Highway program built freeways and highways with earmarked federal gas tax revenues. The funds could not be diverted for other purposes. Only 1 percent of these funds were set aside for mass transit, while the rest supported car and truck travel. The system of federal and state highways facilitated the large-scale movement of people and businesses to new areas where land was cheaper and accessible by car.⁴ Construction of the federal interstate system began in the mid-1950s, and has continued since, with nearly 800 miles completed within the state.

The number of registered motor vehicles increased dramatically in the first two post-war decades, as Table 5-1 indicates. Despite the lack of cars and trucks for sale to civilians during the

war, there was still about a two-thirds increase in the registered between 1940 and 1950, and another two-thirds increase in the next decade. The period of the greatest state highway-building was the 1930s, but by 1950 there were about 6500 miles of state highways in Washington.

Table 5-1
Number of Registered Motor Vehicles, By Decades

1910	9,311
1920	186,827
1930	462,568
1940	603,067
1950	996,530
1960	1,516,845

Source: 1971 Annual Report, Department of Motor Vehicles

The Federal Clean Water Act established a permanent federal pollution control program and provided grants to municipalities to construct sewerage treatment facilities. This act marked the beginning of extensive federal regulations and standards, and federal funds would become available over the next 20 years to plan and build sewerage facilities.

The Library Services and Construction Act provided federal grants to states to establish demonstration projects to provide outreach to areas that did not receive library services. North Central, Timberland and Sno-Isle are multi-county library districts that all began from these demonstration projects.

State Property Tax Actions

In 1944 voters approved a constitutional amendment to place the 40 mill limit on property tax in the constitution, ending the two year statutory renewal since 1932. As part of the agreement to put the 40 mill limit in the constitution, the Legislature insisted that it keep the mill rates for different entities in statute so that they could be changed if necessary.

In 1947 the Legislature passed an amendment to the property tax laws which guaranteed levies for the state, county, city, and road districts. Special purpose districts were subject to the floating mills left that would equal 40 mills when added to the guaranteed levies. If the districts' levies forced the amount to go above 40 mills they would be subject to a pro-rationing process in which all units would be reduced proportionately until they were within the required limits.

By the end of the 1940s, property tax revenues had risen to the level of what they were before the Depression. Most of this increase in valuations of property was the result of the stimulus of war related industries. In 1951 the state took over the 2 mills from the counties for public assistance, finalizing their gradual assumption of control for those services statewide.

Governance

Boundaries

During this period the number of incorporations increased dramatically over the Depression era. There were 18 city incorporations all around the state from 1940-49. These incorporations were mostly cities and towns that remain small to this day including: Forks in Clallam County, McCleary in Grays Harbor County, and Metaline in Pend Oreille County. From 1950-59 there were 22 incorporations, mostly on the east side of King County in places such as Bellevue, Clyde Hill, and Medina. The major reasons for these incorporations were to protect large lots and property values, improve police protection, and obtain control from the county over local streets. The only major annexation for the three major cities was to Seattle which annexed almost 20 square miles on its northern boundary with a population of almost 85,000.

Structure

In 1943 all cities obtained the ability to form council-manager governments. First class cities could already create one under their charter although no such city had yet successfully done so. A national city manager movement had swept the country in the 1920s and 1930s. Seattle had tried to obtain a council-manager form of government several times through the charter review process, but they were unsuccessful due to strong opposition from local businesses.

The first city to form such a government was Sunnyside (Yakima County) in 1948. The new Sunnyside city manager, George Hubbert, faced a city population that had almost doubled in the 1940s, four paved streets (the rest were gravel), and the desire by citizens to build a new swimming pool except that the bids the city received were too high. There was a growing sentiment that part-time city elected officials needed some additional help to run cities that had responsibility for some highly technical functions. Hubbert found a way to get the pool installed for the 1949 swimming season and stayed on as city manager for 21 years. "The one thing I am most proud of," Hubbert said, "was the mayor, council, and myself were able to work together to make a city manager type of government a success for larger cities in the state to follow."⁵ Gradually those cities grew to include Tacoma, Spokane, Vancouver, Pasco, Richland, Walla Walla, and Yakima. Today there are council-manager governments in 53 cities.

In 1948 two major constitutional amendments were passed to permit the most wide reaching change in county government since statehood. The first amendment permitted counties to have the option to form home rule charters. The amendment permitted counties to draft home rule charters by elected freeholders who could create just about any kind of government with only a few requirements: maintenance of an elected prosecutor and the current court system and to continue fulfill state duties. A second amendment was passed permitting the consolidation of Seattle and King County, but the Legislature failed to pass enabling legislation, thus rendering the provision unusable. Both of these amendments had been proposed to earlier Legislatures with no success. The end of the war and tremendous population growth may have convinced the Legislature that county government needed to be modernized, particularly in the more densely urban populated areas in the state.

Larger counties such as Spokane had shown dissatisfaction with their inability to change their

structure prior to 1948. "Although the statutes allow the Board to make and enforce 'all such police and sanitary regulations as are not in conflict with state law' this provision has not been broadly construed. Most of the (County Commissioner) Board's legislative power lies in its ability to determine how a function already imposed should be carried out."⁶

After the constitutional amendment passed in 1948, King County became the first county to examine the potential of home rule. The strongest push for the creation of a home rule county came from a King County citizens' group and the Municipal League. They believed that the commission form of government in King County was incapable of managing the rapid population increases, particularly the growth on the east side which, with the lack of adequate sewers, had begun to pollute the waters of Lake Washington.

In 1951 voters in King County elected a charter review committee to draft a charter. The draft charter was voted down in 1952 primarily because of its recommendations to change from partisan to nonpartisan offices, change from elected to appointive offices (except the council) and create a merit system. All these proposals threatened the current county officials and employees, who campaigned successfully against it. The draft also was based in great part on the National County Model Charter, which was not sensitive to local conditions.⁷

Powers

Initially, the counties had been reluctant to enter into the role of urban service providers. When the majority of counties were created in the Territorial days it was assumed that the unincorporated areas would remain rural. There was no anticipation of an exodus from cities which would create massive urban sprawl over prime acres of former farm land. Throughout the 1950s and 1960s the unincorporated population soared, and as time passed some counties began to see a need to have the ability to provide utility services.

The State Tax Advisory Council in 1958 remarked in its report that the problems of providing urban-type services in unincorporated areas, and of the existence of many overlapping special purpose districts, had grown out of the basic weakness in the county organization. It recommended reorganizing county government and then consolidating special districts into the county government.⁸

Beginning in the late 1950s the counties requested legislation to permit them to provide urban services. Areas such as Spokane and Pierce felt that the county should be in the business of providing water and sewer services. The Spokane Valley was beginning to experience tremendous growth, and builders found it cheaper to put in septic tanks which in turn directly threatened the aquifer. Pierce County's unincorporated area of Lakewood would gain the reputation as the largest densely populated unsewered area in the United States.

The Washington State Association of Counties claimed its proposed County Services Act would "provide the people who live outside cities and towns with the same governmental services which persons living inside these cities have, and in almost the same manner —namely, with a single administration overhead, instead of the 719 junior taxing districts."⁹ The Association of Counties went to special lengths to assure fire and library districts that their operations would

not be affected, but the water districts, particularly in the Spokane area, and sewer districts vigorously opposed the county attempt to become an urban service provider. Legislation proposed in 1960 was not passed due to this opposition. (A year later statewide sewer and water district associations were formed to provide effective ongoing lobbying efforts in Olympia.)

In addition to urban services, the counties began to look for other ways to manage urban growth. The county planning enabling act was passed in 1959 (although counties could plan under the 1935 planning act). The main differences between this act and the earlier one were that there were more procedural steps that the planning commissions had to address in addition to a number of optional substantive elements in the comprehensive plan. The cities did not want to be included in the county planning act because they felt it would be too costly for the small cities. County planning, unlike city planning, would require the delicate balance of urban versus rural interests. In the early 1960s Okanogan County farmers threatened to end all hunting on their property (a major tourist attraction to the area) if county commissioners adopted any kind of a land use plan.

Along with planning, the counties also became more involved in acquiring and maintaining parks through several legislative grants of authority passed in the 1930s and 1940s. This function had traditionally been a city, state, and federal responsibility.

Revenues

Governor Langlie proposed a general revenue sharing bill for cities and counties in the early 1940s. The Legislature disagreed with his measure, but decided that cities and counties both needed additional revenues. It rescinded the state admissions tax in 1943 and gave the authority to local governments. As mentioned above, the 40 mill limit was placed in the constitution in 1944 and three years later the Legislature guaranteed cities, counties, school and road districts their full levies under the 40 mill limit, forcing special purpose districts to compete for the remaining floating mills available after other entities had obtained some or all of their guaranteed amount.

The question of sufficient local revenues came up again in the late 1950s. The State Tax Advisory Council stated that

the greatest need of local government is adequate fiscal capacity. It appears that neither the cities nor counties are now able to obtain the revenue required for current operations... Fundamental to the concept of strong, effective local government is the proposition that the service responsibilities of local government should be balanced by fiscal capacity to maintain them at the level desired by the taxpayers. Failure to insure this principle in Washington by a history of assessments below the level required by the state constitution and statutes has resulted in the need for increased state grants and shared revenues, and has contributed heavily to the shift of responsibilities from the local government to the state.¹⁰

The Tax Advisory Council opposed giving local governments the authority to levy a sales tax, recommending that the assessments of property value which were at about 20 percent be raised.

New Governments

A new form of special purpose district, the sewer district, was created in the early 1940s. Navy Yard in Kitsap County and Val Vue in King County were the first to be created. These districts were created outside cities in direct response to the dramatic increase in housing developments where people lived as they moved into the area to work for war-related businesses. For many years, there were no standards or regulations for the sewer districts to follow. Many people had no idea they even lived in a sewer district until they received a bill. Collection for services and decisions about how much to bill were handled in a casual way.

In 1938 the Federal Work Progress Administration provided a grant to Washington state to provide for a bookmobile project. Librarians in the state were interested in convincing county commissioners that rural residents should have access to libraries and hoped to establish a permanent tax supported program.¹¹ In 1941 the Legislature passed a law permitting creation of single county library districts supported by property taxes. The law limited the tax to unincorporated areas, but allowed cities to contract with such a library district. By 1947 an inter-county library law was enacted, and led to regional libraries across the state serving rural areas as well as cities. The first multi-county libraries included the Fort Vancouver Regional Library, Thurston-Mason, and Benton-Franklin.

In the early 1950s, as pollution threatened Lake Washington, the Seattle area had to look for regional solutions to what was becoming the first major metropolitan environmental issue. The county was unable or unwilling to assume a strong regional government role, and any potential for taking on such a role was defeated in the 1952 Home Rule Charter attempt.

In 1951, at the same time the county charter review was under way, the Seattle/King County Municipal League formed a committee to study the King County sewer situation. They recommended that a metropolitan sanitary district be formed. In 1953 the state Pollution Control Commission issued a report identifying the pollution of Lake Washington as a very serious problem. Throughout these reviews the Bureau of Governmental Research at the University of Washington highlighted these issues in a series of annual meetings devoted to problems occurring in urban unincorporated areas.

James Ellis was a bond attorney in Seattle who had done considerable work with the major sewer and water districts that were absorbed by Seattle through several major annexations in the late 1940s. He had worked on the King County Charter proposal in the 1950s and now felt that other alternatives needed to be generated to cope with tremendous urban growth in King County. In 1955 Ellis gave a now famous speech (“A Plan for Seattle's Future”) to the Municipal League, advocating a more unified local government.

The Municipal League reviewed seven different options ranging from annexation of the newly metropolitanized unincorporated area to Seattle to expansion of the county government to perform metropolitan functions. The documents involved carried titles such as “The Shape We're In” and “The Shape of Things to Come.” After reviewing the seven options, the Municipal League proposed a Metro Corporation to handle area-wide functions.

In 1957 the Legislature passed enabling legislation authorizing the creation of a Metropolitan Municipal Corporation (Metro). A majority vote both inside the central city and outside the city in the proposed Metro area was required to create a Metro. The Metro could then take on one or more of six area-wide functions subject to voter approval. (The Metro Council could take on another function without voter approval if the county and cities agreed.) The six functional areas included: water pollution abatement, garbage disposal, water supply, transportation, comprehensive planning and parks. A Metro Council was formed with representatives from the King County Council, Seattle City Council, and elected official representatives selected from cities within the Metro area, as well as some appointed citizens from County Council districts. Eventually sewer and water district commissioner representatives were also included, and, before it was merged with the King County Council in 1992, the Council had 40 members.

Metro legislation passed because of the combination of study by citizens and other groups, bipartisan legislative support, wide support among many different citizens groups and newspapers, the Save Lake Washington campaign, and a fear that Seattle would seek funds from next legislative session to clean up Lake Washington.¹²

In the spring of 1958 when the proposal to form Seattle Metro was first on the ballot, three functions were proposed: comprehensive planning, water pollution control, and transportation. The measure passed in Seattle, but failed in the unincorporated area, which was suspicious of another layer of government. The proposal was restored to the ballot in the fall of 1958 with the sole function of water pollution control and smaller boundaries. It was approved by both constituencies in that form, at least in part because Lake Washington had been closed for swimming. Metro was conceived with the idea that it should serve as the genesis for a unified Toronto-style government, but the public was apparently less interested in the “good government” arguments than in cleaning up Lake Washington.

Current Significance

Three factors contributed to the acceleration of change in the state's local governance tradition in this period. First, starting in the Depression and continuing during and after World War II, a new transportation system was created across the state, particularly around the large cities. Federal and state funds were instrumental in building this network. Almost equally important, a service-providing infrastructure was also created in the form of new types and increasing numbers of special purpose districts.

Second, the Legislature was slow to permit local governments to try to improve their management capacity through structural alternatives, although it ultimately did authorize the council-manager option for cities, city/county consolidation, and county home rule charters. However, most of these changes were still too unfamiliar and radical for citizens (and county elected officials and other local government employees) to accept.

Third, local governments find it very difficult to change unless there is a severe crisis. Change is often not initiated by local governments themselves, but from outside groups of citizens such as the League of Women Voters, the Seattle Municipal League, and various chambers of commerce. Lack of adequate sewers seemed to be the one crisis that mobilized citizens. The

Metro example used here is but one example. Later crises in Vancouver and Spokane, due to septic tank problems, stirred citizens to study the changes needed in their local government structures.

The result was slow evolution of the state's local governance tradition, without much express recognition of the extent to which the earlier principles were no longer controlling. Local diversity was coming to mean a wide variety of problems, most of which seemed to demand particular state action to solve. Local option and control was severely diluted by the necessary reliance of local governments on their state and federal government partners. Cities and counties were more and more frequently in competition with each other and with special purpose districts, particularly for tax revenues and to serve the needs of urban areas outside of cities. The proliferating special purpose districts of the densely populated unincorporated areas seemed to be the most viable expression of the local control principle, but their multiplication brought with it problems of fragmentation, lack of economies of scale, and lack of accountability.

Chapter 6: Growth and the Struggle to Adapt (1961-1980)

The 1960s and 1970s were a period of expansion in both business and government. With the exception of a three-year decline in the aerospace industry in the early 1970s, the state economy enjoyed continued prosperity. State government grew substantially as it began to take on many new functions in response to rapid population growth. Special purpose districts grew very rapidly as people continued to move to the suburbs and demand urban services.

Population growth was accompanied by new problems, especially in the areas of environmental health, transportation, and land use. Many of these problems crossed the traditional political boundaries of local governments. The federal and state governments found new ways to encourage planning and some controls over growth. They each set standards — only sometimes providing the money to meet them — and slowly increased the capacity of local governments to handle problems.

In this context of population growth combined with significant growth in the capacity and roles of state and federal governments, local governments found themselves with a real dilemma. They needed help, particularly in the area of finances, to meet their needs and fulfill the multiplying state and federal requirements laid upon them.

But the price of such help amounted to significant erosion of the local option and control principle. Pride in diversity had to give way to compliance with standardized state federal requirements and local control had to yield to mandates from those higher governments. Only then would the vital financial assistance be available. Of course, some local governments eagerly accepted these financial inducements, either without regard to the implications or in full recognition that the local control principle was outmoded.

The once distinct roles of cities, counties, and special purpose districts were similarly left behind by the changes occurring in this period. Many functions were newly authorized, and overlapping responsibilities became common. Competition to provide the same services often arose, particularly in the rapidly expanding urban unincorporated areas. Examples of cooperation between units of government occurred in several parts of the state, but it was increasingly difficult and time-consuming.

Several of the new problems, particularly in the areas of law and justice, environmental health, and social services, crossed jurisdictional boundaries and called for new levels of coordination. Despite sincere efforts, effective coordination was hard to accomplish. Lack of clear definition of the roles of various local governments was leading to competition, conflict, and lack of action on some problems when revenue was unavailable.

Background

Urban Government Review

In 1961 the Legislature established a Joint Committee on Area Government to address the rapid population growth and increasing problems of urban areas of the state. The Joint Committee formed a citizens' advisory committee composed of citizens from Spokane, Tacoma, and Seattle. Their report "City and Suburb - Community or Chaos" was presented in 1962. This was the first time that the state had attempted to take a comprehensive look at local government capacity to manage the impact of urban growth. The report described the growth of suburbs in this way. "Every day the bulldozers gnaw away at farms and woodlands of Washington for a never ending succession of suburban residential and shopping developments... so rapid is the growth that they are merging into a strip city from Everett to Tacoma. If this haphazard growth continues, our children may live in a shapeless confusion of neighborhoods and cities without identity."¹

One of the report's findings was that there were too many governments with no oversight of the entire urban area by one government. It recommended some structural options to obtain a metropolitan government to handle regional issues while local services would continue to be provided by cities, special purpose districts or counties. They felt that the changes in governmental structure should be initiated by local governments or citizens at their own pace. To date, none of these recommended structural changes has taken place.

There were, however, some significant recommendations which the Legislature implemented. One of the most significant was the creation of the Department of Planning and Local Affairs (now called the Department of Community, Trade and Economic Development) as a separate department in 1967. It had existed as a relatively inactive division under the Department of Conservation and Development to continue any state planning functions after the Washington State Planning Council was terminated in 1945.

The counties and cities hoped that the creation of the department would give them a more effective voice at the state level. The federal government also needed a focal point for local governments in the state as it transmitted funds for various community development programs ranging from planning to public works. A new state role, providing technical assistance to locals and their interests with the Governor and Legislature, would develop over the next 20 years. Other recommendations of the 1962 study are discussed in the governance section of this chapter.

Regional Planning

Regional planning agencies developed as forums to discuss and analyze problems that spanned the political boundaries of the numerous governments serving a given geographic area. A local initiative from King, Snohomish, Pierce and Kitsap county commissioners created the first regional planning agency, the Puget Sound Council of Governments (PSCOG) in 1956². At that time only the counties were members although a year later they extended membership to cities. (Special purpose districts now participate in some council of governments as associated members.)

The elected officials sought a forum for regional issues and membership was voluntary. Their first project was an “inquiry into the composition, workload, and procedures of planning commissions with a particular emphasis on rezoning requests.”³ A smaller regional planning agency was also formed in Clark County the same year which later became the Intergovernmental Resource Center.

Regional Planning Agencies got a big boost in the 1960s from federal laws and grants for programs such as the Federal Highway Act of 1962, Housing and Urban Development Act of 1965, Model Cities Act of 1966, and the Intergovernmental Coordination Act of 1968, which required regional coordination of local projects to obtain federal money. This incentive forced locals to remain involved in the regional agencies or lose their funding. A certain amount of planning money was available for regional planning agencies to carry out these functions. The Intergovernmental Coordination Act was probably the most far-reaching because regional planning agencies became the clearing house for reviewing federal grant applications. The agencies were expected to comment on the consistency of the proposals with needs of the region.

During the 1960s, the regional planning agencies under the auspices of this federal funding began to undertake a variety of regional projects addressing transportation, land use and growth, environmental and other issues. At times they took on functions that no other governmental entity was willing to assume, such as PSCOG’s (now PSRC) role in managing solid waste planning which was mandated by the Legislature in 1969. In some counties such as Clark and Cowlitz they provided the planning staff for the cities and county.

The regional planning agencies were the only ongoing formal forum in which local governments communicated with each other. While entities from time to time threatened to pull out or actually did in several cases, the loss of money to their communities provided a strong incentive to remain involved.

Environmental Laws

The state role in local government land use programs took on a new meaning in the late 1960s and early 1970s with a growing national and state awareness in environmental health and protection issues. In the past the state had permitted local governments to determine how they would handle growth within their territory, but now the state would begin to set standards and procedural requirements to review growth and its potential impact on communities.

In 1968 the "Greenbelt Initiative" was approved by the voters amending the state constitution to permit the Legislature to allow agricultural, timber, forest land, and open space to be taxed at current rather than highest value. A number of farms, particularly in King County, had their property assessments dramatically increased as their neighbors sold farms for urban development. The Washington Forest Protection Association claimed that the property tax had replaced fire as the timbermen’s most costly risk. They estimated that 200,000 timber acres in King County were being assessed on a higher than forestry use.⁴ A number of diverse groups had joined to secure the passage of the initiative, including the Washington Environmental Council, the State Labor Council, and the American Institute of Planners.

The Legislature passed a new subdivision law in 1969, which marked the state's first attempt to devise some statewide standards on land use planning. The subdivision law required that every time land was subdivided into 5 acres or less there had to be a public hearing and review by the city or county planning commission. The commission was expected to issue a formal document stating whether the proposed subdivision was in conformance with the land use and zoning ordinances. The public's interest in private development was considered for the first time to be of paramount importance.

In the early 1970s the Legislature and voters in Washington passed some of the most far-reaching environmental legislation to affect local governments — through the creation of the Department of Ecology and the passage of the State Environmental Policy and the Shorelines Management Acts. But the Legislature rejected statewide land use planning mandates in 1973, despite a lengthy study and recommendations from an appointed commission. The reasons were in part the tradition of local control over land use planning, and perhaps in part the state's temporary economic downturn and consequent support for economic development needs.

The State Environmental Policy Act (SEPA) of 1971 was patterned after the National Environmental Policy Act of 1969. The act required that major development actions, including state and local government projects (such as building a city street), that significantly affected the environment be accompanied by a detailed statement on environmental impact of the proposed action. Local governments or concerned citizens could challenge a proposed project. SEPA had the potential to slow growth of new development regardless of whether or not a city or county had adopted a comprehensive land use plan or zoning ordinances. The Shorelines Management Act (SMA) of 1971 (approved by voters) required that the development of shorelines be regulated by a planning system which would increase public access to publicly owned areas of the shorelines and increase recreational opportunities for the public in the shoreline. The Shorelines Management Act was spurred on by several events. One of the most important was a court case (*Wilbour v Gallagher*) where a developer's attempt to put a mobile home park on a filled land near Lake Chelan was denied. The court held that the mobile homes would block public access to the water and that such decisions needed to be placed in a planned framework.

When the initiative was placed on the ballot, voters had two options before them — one which would put the Department of Ecology in charge of the program, and the other which would give local governments responsibility. It is significant that the voters chose the latter option, preferring local control over state control.

Issues of water quality and sewage treatment were addressed throughout the late 1960s and 1970s by both the federal and state governments. They urged local governments to address such problems on a regional rather than an individual basis. The 1972 Amendments to the Federal Water Pollution Control Act established water quality standards and goals for local governments and prescribed when such standards should be met.

The federal legislation provided planning and construction grants for area-wide waste water treatment plants. Some of the successful efforts which established regional area waste water treatment included Yakima, Spokane, and Clark Counties. Usually, the largest city in the jurisdiction took the lead. However, few communities were able to develop area-wide treatment

plants with more than one major city involved aside from King County's Metro and the Bonney Lake, Sumner, and Pierce County plant.

The federal legislation also provided grants to establish river basin coordinating committees to plan water resource and land use development on a watershed basis. A variety of local governments worked together on specific regional projects such as the Green River/Cedar River watersheds.

At the state level a number of fiscal and service delivery changes were made through the impetus of the federal funding. In 1972, Washington voters approved two bond measures (Referendum 26 and 27) to fund \$400 million worth of improvements to build sewage treatment facilities and improve water supplies. These bonds enabled locals to take advantage of the federal money which contributed 75 percent of the cost, the state which then contributed 15 percent, leaving the locals only 10 percent of the costs.

The Public Water System Coordination Act of 1977 was enacted to address the provision of water services for areas of new growth. Many small water purveyors sought provide services, which resulted in a duplication of facilities, incompatible design standards, poorly financed operations, and in some cases water that did not meet state health standards. The competition between service providers was so great in areas in Pierce and King County that the purveyors hesitated to invest in facilities to provide high levels of service for fear that another system would service in its area.⁵

The act established a systematic planning process to address service boundaries, source development plans, and design standards in areas where there might be inadequate or unsafe water service. Counties were put in charge of creating regional water service plans and determining who would serve which areas, although the state could declare a critical water supply service area and allocate service provision if necessary. The State Department of Social and Health Services gave grants of almost \$100 million (from the referenda mentioned above) to counties to plan for the critical water supply areas. All service providers within the critical water supply service area were to be involved.

Fiscal Constraints

During the 1950s and 1960s, the baby boom and increasing in-migration created a significant need for expanded government services such as roads, schools, social and health programs, and law enforcement. The state and local governments needed additional revenues. The property tax was an obvious choice. In the early 1950s, the Bureau of Governmental Research at University of Washington did a comprehensive study on property tax assessment levels and found that the average assessment level had dropped below 20 percent.

An act was passed in 1955 to increase the assessment levels by requiring county assessors to reevaluate property every four years. Political pressure and lack of staff and funds prevented county assessors from raising the levels to 50 percent.⁶ Concern grew in the 1960s that a court case would easily determine that the assessment rates were not being enforced. Proposals were considered and then discarded to drop the assessments from 50% to 25%. Finally, in 1969 the

Legislature decided to provide counties with money to conduct a statewide reevaluation program.

The program was effective in increasing the assessed valuation of property, raising taxes — and raising the ire of citizens who found their property taxes doubling or tripling. Between 1962 and 1972 the state's property valuations increased 306% from \$3.6 billion to 15.5 billion.⁷ Citizen groups formed to draft petitions to limit property taxes. The Legislature responded in 1971 with two proposals: a constitutional amendment to limit property tax levies to 1% of true and fair value, and a statutory limitation on increases in the tax rate (the 106% limit, whose effects will be explained shortly.)

Eighty-three percent of the voters approved the constitutional amendment to limit property taxes to 1% in 1972. Although this amendment replaced the 40 mills (50% of actual value) or 2% (100% of actual value) limit that had been in effect since 1932, most assessments had never reached this higher limit. In 1973 the Legislature replaced the mills measurement with dollars per \$1000 of true and fair value and raised the assessment level from 50% (which had been in effect since 1913 in principle, but not practice) to 100%. This change in assessment levels in effect negated the potential drop in taxes that would have occurred with the 1% limit at a 50% level.

The Legislature also set a statutory limit of \$9.15 on all governments levying the property tax rather than the constitutional limit of \$10.00, in effect decreasing property tax rates of most districts by 10%. The levies of senior taxing districts (counties, cities and towns, and road districts) crowd out the levy authority of the junior taxing districts (fire, library, hospital.) Whenever the total levy rate in an area exceeds \$9.15, the junior taxing districts must therefore “prorate” (proportionately reduce) their levies to roll back the aggregate rate to \$9.15.

A second limit in the statutes prevented local governments from levying a property tax higher than 106% of the highest amount levied in the past 3 years (excluding new construction, improvements to property, and excess levies.) There had been an earlier lid limit law in the mid 1960s which was so complicated that most local governments had found a way to ignore it. The 106% lid may be lifted for one year by a majority of the voters in a taxing district. A change in 1986 permitted it to be lifted for a specified time and purpose.

During the period of high inflation in the 1970s, the levies of local governments were restricted by the 106% lid. With inflation running higher than 6%, the levy rates were forced downward. In the 1980s as property values remained stagnant or declined, the same rates were allowed to rise again by as much as 6% until many of them reached their maximum. The result was that in many jurisdictions of the state, the levy rate would have exceeded the \$9.15 maximum. Pro-rationing of the junior districts was necessary to drop the aggregate total to \$9.15.

Governance

Boundaries

City incorporations ground to a halt from 8 in 1960-69 to only one in the 1970s. The

incorporations in the 1960s were primarily in Snohomish and King counties. Ocean Shores in Grays Harbor County incorporated in 1970. Most of these incorporations were similar to many of the defensive incorporations of the 1950s, i.e. to assume control from the county or to prevent another city from annexing their property. In the late 1960s the Legislature put a stop to defensive incorporations by prohibiting any incorporation of a city of less than 3,000 people which was within 5 air miles of an existing city that had a population of 15,000 or more. This law was directly aimed at smaller communities around Bellevue which incorporated to prevent Bellevue from annexing them.

The growth of Bellevue is worth noting. In the 1940s and early 1950s, Bellevue was a small community of blueberry and strawberry farms and summer homes. The Mercer Island Floating Bridge was opened in 1940 enabling people to live on the east side and commute into Seattle for work. In 1953 Bellevue incorporated because the community objected to King County's zoning and lot size regulations. As one person described it: "we didn't want a lot of garages and service stations around our houses."⁸ The population in the early 1950s was about 2,500. Bellevue obtained a city manager, Joe Miller, in the early 1960s who began an active annexation campaign to allow Bellevue to grow. Within 10 years the city had annexed 17 square miles with a population of 38,500.⁹ The city slowly turned from a bedroom community into a city of its own right with thriving retail and service oriented businesses and a population that reached 70,000 by the mid-1970s.

During the 1960s and 1970s most special purpose districts had been formed, and they were now active in annexing unincorporated areas to provide services. In King County alone, which has the highest number of special purpose districts in the state, there were 287 annexations by water districts and 374 annexations by sewer districts.¹⁰

In an effort to add some state control to the proliferation of special purpose districts and city annexations, the 1962 study recommended and the 1967 Legislature then created, Boundary Review Boards. These Boards replaced local annexation review boards in King, Spokane and Pierce counties. Nineteen counties had established such boards by 1986.¹¹ They have the power to approve, deny, or modify the boundaries of special purpose districts and cities. Part of the Boundary Review Boards' charge is to encourage urban areas to annex to existing cities and to discourage multiple small city incorporations.

During the 1970s a number of incorporation attempts failed in large urban unincorporated areas such as Federal Way and Woodinville in King County, Silverdale in Kitsap County, and Lakewood in Pierce County. Unlike some of the incorporations in the 1960s, these areas contained large urban populations that desired: local control of the development process, greater representation, or improved urban services. The 1979 Federal Way proposal would have made it the fifth largest city in the state with a population of almost 70,000. Many of these failures have been close votes that lost due to extensive negative publicity. In opponents put up an impressive array of yard signs that said "don't raise taxes, vote no" two weeks before the election.

Powers

After years of denying counties urban service provider authority, the Legislature passed the 1967

County General Services Act which gave counties the authority to provide water and sewer utilities, services traditionally provided by cities or a special purpose district. As mentioned earlier, the counties began to request these powers in the late 1950s. The final considerations that may have convinced the Legislature were: 1) the availability of up to 50% matching federal grants and low interest loans to counties (as well as cities) for sewer and water service planning and facility construction, and 2) the fact that many new suburbs with dense urban populations were being created outside of cities with no expectation that they would annex to cities.

In 1965, along a separate track of statewide local government reform, the Legislature formed a temporary committee to write an optional municipal code for cities. The committee was composed of legislators and representatives from different categories of cities, with an advisory group of citizens. The optional municipal code was intended to enable cities to shift from their constricting status as one of four classes of cities (with distinct powers) and obtain code status which would permit them to function under a home rule status except in matters of statewide concern. There had been conflicting court decisions over the years about just how much home rule cities other than first class cities possessed.

The Legislature passed the Optional Municipal Code (OMC) in 1967. Under the OMC the Legislature attempted to provide cities with the broadest powers of local self-government, except for the ability to design their revenue sources. The city council was expected to be the policymaking body, thus avoiding the necessity for cities' proposing a series of housekeeping bills to the Legislature each year for permission to engage in certain activities. The Legislature's role would become one of action only in matters of statewide concern. The advantage of the OMC is that it can be implemented easily, whether by petition or council resolution, subject to referendum. Today nearly 65 percent of the cities operate under the OMC.

Structure

With many counties experiencing high rates of growth from 1960-80 in their unincorporated areas, some people argued that a new form of government was needed to replace the three county commissioner system. The home rule charter opportunity had been available since 1948, but the uncertainties involved in any prospective changes had led to little usage. A variety of enabling circumstances occurred from the late 1960s on, usually including some degree of crisis. Five counties were successful in obtaining home rule charters: King (1968), Clallam (1976), Whatcom (1978), Snohomish (1980), and Pierce (1980).¹² A number were unsuccessful as well: Kitsap, Cowlitz, San Juan, Island, and Thurston.

While growth was an important factor in encouraging people to seek alternatives, it could not alone convince people that a change was needed. In each case the successful counties also had some scandal or major controversy. In Whatcom County the charter review came about because of a problem in the sheriff's office and because the county commissioners were unable to agree on budget proposals and other important county matters. Both the Republican and Democratic central committees in Whatcom County supported the review, along with a number of diverse groups including the League of Women Voters and some Christian organizations. The charter review committee came up with a nonpartisan part-time council and an elected executive. The other offices (such as sheriff, assessor, etc) remained partisan and elected. The charter review

committee had wanted to recommend that several offices be made appointive, but knew the charter would not pass with such changes. Whatcom County obtained their charter in 1978 by a 55% voter approval.

Several other counties looked at the potential of city/county consolidation instead of county home rule charters. In 1972 a constitutional amendment was passed to provide enabling language for the 1948 city/county consolidation amendment. The enabling language provided for a board of freeholders to be elected to draft a charter for voter approval. Clark, Spokane and Thurston, each experiencing sewerage crises due to growth in their unincorporated areas, examined the possibilities of some form of city/county consolidation to obtain a regional governmental structure to work with growth and service issues. Clark (1981) and Thurston (1986) proposed an election of freeholders but were turned down by the voters.

In both the case of county home rule charters and city/county consolidations, voters have been reluctant to approve a board of freeholders to devise a charter. Opponents thrive on the horrors that might come to pass. Turf battles on the part of cities, opposition from county elected officials and the local development community, and concern about pension and collective bargaining rights on the part of current public employees may also have prevented success.

Perhaps ironically, one of the only successful efforts at restructuring governments in this period was the dissolution of townships in Spokane and Whatcom Counties. Townships had once served several important functions in these areas, such as property tax assessment and building and maintaining roads. These functions were absorbed by the county and state in an effort to provide uniformity. By the 1950s, the townships' primary function was to provide garbage dumps.¹³ A leading motivating factor in their actual demise was that fire protection districts could obtain additional taxing authority for their own use if townships were not levying them. Firefighters carried petitions door to door to obtain resident approval for dissolving the townships.

A number of cities looked at consolidation, but only two pairs actually accomplished it: Kirkland and Houghton, and Mercer Island Town and Mercer Island City. Consolidations proved too difficult for many cities such as Camas and Washougal whose citizens had strong community identities with their cities.

A number of governments realized that it would be more efficient to contract with each other to perform a particular service than to duplicate efforts. The Interlocal Cooperation Act passed in 1967 was an effort to permit such contracting to take place between entities without restructuring governments or powers. If a local government was not satisfied with the service and costs of the contract, they could renegotiate or terminate the contract. Over the years locals have developed a number of useful interlocal agreements in areas such as data processing, law enforcement, and mutual assistance. On the other hand, locals have also spent a lot of time arguing over the cost and service provision of health, jail and solid waste contracts.

Revenues

While limits were contemplated and placed on the property tax, local governments looked for

other ways to raise revenue. In the mid 1960s the Association of Washington Cities developed an initiative which would permit cities to obtain a flat 10% of the state's sales tax. The initiative did not pass, but in response to the cities' plight, the Legislature did give the cities and counties \$25 million of general revenue sharing funds. This was the only time the Legislature provided such funds and was in part because the state was experiencing a budget surplus at the time.¹⁴ The Department of Planning and Community Affairs was directed to give the money out based on population size and counties where property assessment was over 23% of true and fair value.

The counties had also been looking for additional revenues during this time, including a utility tax and reassuming the 2 mills the state had taken for public assistance in 1951. The Legislature held off granting piecemeal authorities, and urged the cities and counties to come in with an integrated package. The cities and counties associations joined forces in 1970 to request a local option sales tax, and the Legislature responded by granting them the authority to impose a ½ cent sales tax (with a two-year sunset provision.) The tax was retained after the two-year period, however, and in 1982 this level was increased to a full cent.

Cities and counties were not without new revenue sources during these years. In addition to the federal and state money for regional planning and water quality mentioned above, there were also federal grants for general revenue sharing, employment training, housing, law enforcement, health and social services, and public works. Federal grants to cities alone grew by 700% during the 1970s. In Washington, federal revenue transfers would by 1979 make up between 15% and 20% of operating revenues for cities and counties.

Throughout the 1970s a number of service and financing shifts between the state and local entities occurred. In 1971 the state assumed the financing of the city police and firefighters' pension systems (LOEFF — law enforcement and firefighters.) This pension system had a liability which in 1986 dollars was about \$600 to \$700 million. The unions had successfully built up the benefits in this system over the years through lobbying the state Legislature. The State Supreme Court had ruled that such benefits once given could not be taken away.¹⁵ Needless to say this system would easily have bankrupted the smaller cities if they had been forced to fund their respective share of the benefits to employees.

As new functions were authorized and governments began to feel the financial squeeze, the Legislature added certain new taxing and other financial powers. In 1971, a sales tax of 0.3% was granted to those units (cities, Metro, and counties) to run public transit systems. In 1973 the Legislature permitted counties to divert their road funds into the general fund, as county budgets for environmental and law programs climbed and property tax revenues decreased.

In 1977 the little town of Clarkston proposed that the library district in Asotin County take over its library service because it could no longer afford a city library. The Legislature permitted both library and later fire protection districts to annex cities of 10,000 or less (now the population limit is 100,000 or less) to levy a tax to provide services. The city in return could keep most of the tax capacity it had before the switch in service occurred, but did not have to provide the service. By 1986, 65 cities would elect to have library districts annex them, particularly in economically distressed counties such as Grant and Grays Harbor.

Another state law in 1977 mandated new jail standards which created a major new financial burden on cities and particularly counties. The locals were required to provide higher levels of custodial care which required the hiring of additional personnel. This new situation led many cities to abandon their jails in favor of contracting for jail services with counties.

There were so many new state mandates and standards in this period that an initiative was passed in 1979 to prohibit the state from mandating new program responsibilities on local governments without sufficient funding to carry them out.

New Governments

No major new special purpose districts were created during the 1960s and 1970s, except for public transit benefit areas which are financed through the sales tax rather than a property tax, and the emergency medical districts which are funded outside of the \$9.15 property tax limit. In the case of several minor new kinds of special purpose districts (solid waste and TV reception) county commissioners served as the governing body rather than having separately elected officials.

The special purpose districts already in existence, however, grew in size and capacity. Some such special purpose districts began to take on added functions from their initial responsibilities, blurring the roles of local entities to an even greater extent. Water districts (1963) and public utility districts (1975) were granted the authority to provide sewer services. Sewer districts (1977) were granted the authority to provide water services.

Current Significance

By the end of this period, Washington's original local governance tradition — even though it had evolved considerably — was lagging behind the pace of change in the world it sought to serve. Local option and control was more memory and aspiration than fact, except for the proliferation of special purpose districts. The roles of counties, cities, and special purpose districts were so fully blurred that as many functions were shared as remained distinct.

Moreover, the struggle to adapt was becoming a losing battle. Local governments were faced with a financial squeeze that lent urgency to the task of improving their capabilities. As mandates and problems mounted in this period, revenue transfers from other governments dropped and tax powers were limited by new laws. In the 1980s, the state's economy would turn downwards, threatening timber and property tax revenues, and the fiscal pressure on local governments would increase.

Chapter 7: The Information Age Years (1981 – 1990)

Chapters 7 and 8 are an update to “A History of Washington’s Local Governments,” volume I of the Final Report of the Washington State Local Governance Study Commission issued in 1988. The original volume covered Washington local government history through 1980. Following is the first of two chapters addressing the period between 1981 and 2007.

Background

General and Economic Trends

The rise of information technology as an economic force came to Washington in the 1980’s. One of the leaders of the industry, Microsoft, began to emerge and hundreds of other technology firms developed or located in Washington. The decline in resource-based industries of timber, fishing, and agriculture began to be felt in the state’s economy. Counties lost timber revenues associated with depleted resources, which were further reduced, following the listing of the Northern Spotted Owl as endangered in 1990. In an effort to coordinate state assistance to impacted areas, Governor Gardner established the Timber Task Force in 1990.

The state’s agriculture industry, which had dominated the eastern Washington economy, began to face competition from other countries as well as other states. The price of wheat, one of Washington’s major crops, dropped during this time. In eastern Washington, the widespread use of irrigation placed an increasing demand on limited water resources. The amount of agricultural land in western Washington declined significantly due to extensive residential, commercial, and industrial development.

During the 1980s, the full impact of the implementation of federal environmental standards, such as those related to water and air quality, and state initiatives, such as shoreline management and the State Environmental Policy Act (SEPA) fell on the shoulders of local governments. In 1987, at the federal level during the Reagan era, there was a move from categorical single purpose grant programs to consolidated block grants and a subsequent overall reduction in federal funding for states and local governments.

In the early 1980s, the combination of the economic recession and declining federal government support took their toll on local government finances. As Washington local governments became increasingly strapped, they looked to the state for new or additional revenue authority. By 1982, Washington’s unemployment rate peaked at 12.4 percent¹ precipitating a major tax restructuring for local governments (see discussion under Revenue below).

Although some citizen initiatives to limit taxes were drafted in the late 1960s and early 1970s, it was the passage of Proposition 13 in California in 1978 that has been most credited with setting the stage for the passage of similar initiatives in Washington. This movement toward citizen tax limitation initiatives reached its peak in the 1990s.

Population Growth

During the decade from 1980 to 1990, Washington State's population grew from 4.1 million to 4.9 million, an increase of 17.8 percent. Most growth was concentrated in the unincorporated portion of the large urbanized counties in the Puget Sound area, with King, Kitsap, Pierce, Snohomish, and Thurston counties accounting for 70 percent.²

A shift had occurred following the post-World War II trend that saw families moving out of central cities to suburban communities, about half of the state's 1990 population resided in unincorporated areas outside cities compared to 39% percent in 1940.

Impetus for Growth Management Legislation and its Enactment in 1990

During the 1970s and 1980s, there were several unsuccessful attempts to adopt statewide comprehensive growth management legislation following the Oregon model of state land use planning. Oregon, which had adopted a requirement for state land use planning in 1973, was one of the earliest states to do so. Between 1960 and 1990, Washington's population increased by nearly two million people. By the late 1980s, there was widespread recognition that the state's quality of life was threatened by traffic congestion, the loss of farmland and open space, and extensive sprawling land subdivision.

The seeds of the state Growth Management Act (GMA) are said to date from June of 1987, when Joe King, Speaker of the Washington House of Representatives, was stuck in traffic on I-405 with his policy advisor, Tom Campbell. King apparently asked Campbell whether he knew who was responsible for addressing the impacts of growth, and Campbell's response was that there was no central or regional authority in charge of growth and land use. King and other state legislators took the lead on this issue, and the legislature adopted a budget proviso in 1989 to establish a Growth Studies Commission to address the issue and draft legislation. Although Governor Booth Gardner vetoed this legislation because he felt it gave too much emphasis to a strong state role in land use regulation, he subsequently created the Growth Strategies Commission that same year to draft legislation that would give more control to local governments.

In the spring of 1990, the legislature approved Substitute House Bill 2929, the original Growth Management Act.³ The act required fast-growing counties⁴ and all cities within them to prepare comprehensive plans addressing how to accommodate growth for 20 years. Other counties could "opt in" and be subject, along with the cities within such counties, to these planning requirements. Counties that opted in to the GMA received a financial incentive. A total of 29 counties out of 39 plan under the act today. The act established a collaborative process between counties and cities to adopt countywide planning policies and required counties and cities to establish urban growth boundaries defining where urban growth would occur.

The Growth Management Act (GMA) was the first mandatory planning legislation for counties and cities in Washington. Earlier county planning enabling legislation was adopted in 1935, but its provisions were optional. The GMA established an organized and integrated approach to planning and regulating growth in Washington counties and cities with some state oversight.

Because it gave most responsibility for planning to local governments and encouraged extensive citizen participation in planning, it is called a “bottom-up” approach.

One of the basic precepts of the GMA is to encourage intensive growth and high densities within urban growth areas (UGAs) and to discourage development in rural and natural resource areas outside cities. In counties fully planning under the act, all cities are included within an UGA. A key theme of the act, which had major implications for county and city governments, was that cities would be the primary providers of urban services. Counties were to play a regional role instead of providing services to unincorporated suburban areas. This provision stimulated the incorporations of new cities and annexations to existing ones.

The act also required all cities and counties, even those not subject to its mandatory planning requirements, to adopt critical areas ordinances and to designate and protect natural resource lands. As defined in the act, critical areas include wetlands, fish and wildlife habitat areas, frequently flooded areas, geologically hazardous areas, and aquifer recharge areas. Natural resource lands include agricultural lands, forest lands, and mineral resource lands.

The GMA contained “concurrency” provision, which require that facilities and services must be in place and adequate to serve new development. These provisions have been particularly challenging for local governments.

In addition to planning grants to local governments to help to pay for the planning required by the act, the GMA authorized several new funding sources for capital improvements needed to serve growth. These included impact fees for roads, parks, schools, and city fire districts and an additional excise tax on real estate sales for capital projects specified in a capital facilities element of a comprehensive plan.⁵ Although authority already existed for impact fees as mitigation under SEPA and through “voluntary agreements” under RCW 82.02.020, the GMA authority provided a clearer legal basis for adopting these fees.

The enactment of the GMA was a watershed event for local governments and signaled the end of a transition period for state and for local governments. From a land use perspective, the GMA addressed the preservation of resource lands and critical natural areas, while containing the negative effects associated with urban sprawl. In addition, GMA encouraged advance infrastructure planning to accommodate growth in the UGAs. From a service delivery perspective, the GMA pushed local government in the direction of placing urban growth within cities moving urbanizing areas out of the service boundaries of county governments. Although the full effects were not felt until later, this shift toward including all urban areas in cities and restricting development on other lands had enormous fiscal impacts on counties as they lost a part of their sales tax and road fund tax base and were limited in expansion of their tax revenue through the approval of further commercial or urban development in unincorporated areas.

Governance

Boundaries

During the 1980s, only one new city was incorporated, Mill Creek in Snohomish County. No incorporation attempts in King County were successful for the first two decades that the county's Boundary Review Board, which was established in 1967, was in existence. With adoption of GMA annexations and incorporations accelerated. Two major incorporations took place in King County in 1990, Federal Way, with an estimated population of 57,849, and SeaTac, with an estimated population of 23,812, beginning a trend that continued throughout the 1990s.

Cities that annexed areas with more than 1,000 residents during this decade included Kirkland, Bellevue, Des Moines, Kent, Normandy Park, and Tukwila in King County, and Bothell, Kennewick, Mukilteo, Wenatchee, Yakima, Lynnwood, and Lacey in other counties. Other cities such as West Richland added substantial geographic areas to their city boundaries. The practice of cities "cherry-picking" commercial areas for annexation to capture greater sales tax revenues caused friction with counties during this time.

Powers

As noted in previous chapters, cities in Washington have considerably more independence and broader powers of self-governance than counties. This was crystallized in the enactment of the Optional Municipal Code by the legislature in 1967. While counties have had the ability to draft a charter and establish home rule since the 1948 constitutional amendment, this is a fairly cumbersome process involving the election of freeholders and then an election to approve a new charter. By contrast, a city can adopt the optional municipal code by action of the city council, although that action is subject to referendum. By the 1980s, only five counties had been successful in adopting home rule charters: King (1969), Clallam (1976), Whatcom (1978), Pierce (1980), and Snohomish (1980).

In the years since World War II, there has been some limited expansion of county authorities. Following the adoption of legislation in 1977, counties of 210,000 or more could assume the powers of metropolitan municipal corporations for transit and waste water services. In 1982, counties were authorized to provide alcohol, drug abuse, and mental health programs, and in 1989, they were given responsibility for developmental disability programs. The trend toward limited expansion of county authority continued in the 1990s; however, with the GMA, counties were given additional responsibilities without, many felt, adequate funding or revenue authority to address these new roles. By this time, unfunded mandates were already a concern for both counties and cities.

In 1990, the legislature allowed non-charter counties with a population of 300,000 or more to expand the number of commissioners from three to five. This was based on the recognition that three commissioners might not be an adequate number to govern a large or medium-sized county. Previously, however, the attorney general's office had opined that such legislation would likely be unconstitutional as a violation of the uniformity clause of article 11, sections 4 and 5.⁶ Subsequently no non-charter county expanded the size of its board. Of the counties that

have adopted charters, five of the six have county councils of between five and thirteen members.

Structure

In 1985, the legislature created the Local Governance Study Commission to conduct a two-part study of local governance in Washington. The commission completed its reports in January 1988, Volume I, the original version of this history of local governments in Washington, and volume II, “The Quiet Crisis of Local Governance in Washington,” which analyzed existing problems with local governments and recommended two separate procedures to change local government. These were: (1) a statute to create “local governmental service agreements”, similar to an interlocal agreement but allowing the transfer of revenue among local governments and requiring the approval of a super majority of all jurisdictions involved; and (2) a citizens review process to provide a simpler, more flexible mechanism to restructure city and county governments than a city/county charter process. Neither of these recommendations was implemented; however, legislation authorizing local government service agreements was adopted in 1994, and has never been used.

During the 1980s, a nationwide trend toward increased professionalism in local government, particularly city governments, continued. The growing popularity of the council-manager form of government and the growing ranks of city administrator positions in mayor-council cities reflect this trend. This is evident in Washington cities, where 11 cities changed to the council-manager form during the 1970s and 1980s and many cities added administrator positions.

In general, counties have been slower to change structure than cities, which is no doubt partially due to the fact, noted above, that the process to implement such change is more complex for counties. Relatively few counties in Washington State followed the national trend to further broaden county home rule powers. Nationally the move toward home rule and increased professionalism is more common in populous urban counties than in rural counties with a low population density.

Revenues

One of the key changes in the revenue picture during the decade of the 1980s was the local government sales tax authority restructuring adopted in the 1982 legislative session. As noted above, the recession of the early 1980s propelled local governments into a dire financial situation. A city-county tax package was passed (ESB 4972) in 1982 that included authorization for the second 0.5 percent of the sales tax, authorization for a 0.25 percent real estate transfer tax, and limitations on the imposition of development fees (system development charges). To obtain the additional sales tax authority, cities had to agree to a cap on utility tax rates, and cities and counties had to accept limitations on system development charges. A maximum tax rate of 6 percent was imposed on telephone, natural gas, and electricity utility taxes imposed by cities, and later was extended to steam utilities.

The concept of sales tax equalization was also introduced at this time. The legislature recognized that the sales and use tax was not benefiting all jurisdictions equally. For example,

cities with few retail businesses did not generate as much tax per capita as cities with a large retail base. In exchange for the authority to levy the second 0.5 percent sales tax, a portion of the motor vehicle excise tax (MVET) was allocated to a separate sales tax equalization account that was then distributed to lower per capita tax revenue jurisdictions.

Also in 1982, a cap on the city business and occupation (B&O) tax was imposed for the first time, a maximum of 0.2 percent. As of 2007, 39 cities impose the B&O tax.⁷

For many years, local governments have been interested in having the authority to use tax increment financing, which is a common practice in other states. Tax increment financing (TIF) is a method of redistributing property tax collections within designated areas, often targeted for economic development, to finance infrastructure improvements within the areas boundaries. In 1982, the state legislature passed the Community Development Refinancing Act, Washington's first enabling legislation for TIF (Ch. 39.88 RCW). This legislation was later declared unconstitutional by the Washington Supreme Court in *Leonard v. Spokane* (1995).⁸

Another significant revenue change for local governments during this time was the establishment of the Public Works Trust Fund in 1985, administered by the Public Works Board. The Public Works Trust Fund was established to provide low cost infrastructure loans to local governments.. The Public Works Trust Fund generates approximately \$300 million per biennium for roadway, utility, and solid waste projects.⁹

In 1990, the state legislature passed a major transportation funding bill.¹⁰ Both cities and counties shared in the state gas tax increase approved in the legislation, cities receiving 0.5 cents per gallon and counties, 0.31 cents increasing to 0.55 cents in 1991. The bill also included an array of local option transportation funding sources.¹¹ However, none of these funding sources ever came to be widely used and two no longer exist.

Of these new local options, the street utility option, which at one time was used by 17 cities (one of which was Seattle) was declared unconstitutional in 1995.¹² The option for a county to charge a \$15 per vehicle license fee was being used by King, Pierce, Snohomish, and Douglas counties when it was repealed by Initiative 776 in November 2002. Both cities and counties were authorized to levy a parking tax, but such a tax makes sense only in places where there is a high demand for paid parking. Currently, only five cities levy such a tax. Counties also have the authority to levy a voter-approved gas tax of an amount equal to ten percent of the state tax. The revenue has to be shared with cities. To date, no county levies such a tax.

The 1990 legislature also passed the Local Criminal Justice Assistance Act.¹³ One-time cash distributions were made to cities and counties and they were also allocated portions of the motor vehicle excise tax for criminal justice purposes based on funding factors. Six counties were received additional authority to levy a 0.1 percent sales tax, to be shared with cities, for criminal justice purposes. All these provisions were set to sunset on January 1, 1994. The allocations were made permanent, with somewhat different funding factors for cities, during the 1993 legislative session. The 0.1 percent sales tax authority was also extended to all counties.¹⁴

In 1990, at the time the Growth Management Act was adopted, the second 0.025 percent of the real estate excise tax (REET) was authorized, making the total locally imposed REET 0.05 percent. This second 0.025 percent was to be used for capital projects identified in a comprehensive plan. Many communities, especially those in western Washington, have adopted the second 0.025 percent of the REET.

Local Government Insurance and Investment Pools

Starting in the late 1970s, groups of public organizations established multi-jurisdictional “pools” to address issues such as risk coverage, employee benefits, public investments, purchasing, and other areas where combining government resources would provide economies of scale and benefits that individual local governments could not acquire on their own. One example, is the AWC Risk Management Service Agency (RMSA), established in 1989, an insurance pool that provides stable long term liability and property coverage and results in reduced city insurance expenses. Another example is the Washington's Local Government Investment Pool, which is managed by the State Treasurer's Office, was created by the legislature in 1986. Since its inception, over 380 local governments in Washington have joined with the state to participate in the pooled management of public funds.

New Governments (Special Districts)

A trend toward the creation of special purpose districts to provide local government services, starting after World War II continued during this time, with transportation, economic development, and financing of public facilities as the focus. Several types of new special districts were authorized by the legislature during the 1980s. These included Joint City-County Housing Authorities in 1980 (RCW 35.82.300), Emergency Service Communications Districts in 1987 (RCW 82.14B.070), Transportation Benefit Districts also in 1987 (RCW 36.73), and Public Facilities Districts in 1988 (RCW 36.100).

In the central Puget Sound, the coordination of transportation plans and projects was an ongoing issue. A new special district mechanism was created to begin addressing some of these issues on a regional basis. In 1990, legislation was enacted granting existing transit authorities additional voter-approved taxing power for new high capacity transportation systems (Ch. 81.104 RCW). This authority ultimately paved the way for the development of plans for the Sound Transit system. This, and other developments in the 1990s, increased the complexity of the network of local governments and state and federal agencies responsible for transportation.

Current Significance

Although the state allowed counties to adopt home-rule charters in 1948, relatively few counties in Washington had adopted home rule charters by 1990. In part, this may be due to the cumbersome freeholder process for adopting a county charter in this state.

The 1990 Growth Management Act and subsequent GMA legislation in 1991 set in motion a period of significant change in planning and service delivery by Washington local governments.

The full effects of the GMA would be felt in the 1990s and 2000s as governments struggled to meet GMA requirements and deadlines.

The budget crises of the early 1980s were over and governments had more funding options. They would face new and growing financial challenges in the next decade.

Chapter 8 – Growth Management and Tax Revolt (1991- 2007)

Background

Citizen Initiatives and Effects on Local Government

In Washington and other western states, citizens were granted the powers of initiative and referendum in the state constitution as an outgrowth of the populist movement in the late 19th century. By the 1990s, several forces combined to provide an impetus for an increased number of citizen initiatives in Washington State. These included the aftereffects of the citizen initiated California tax revolt which reverberated across the nation, a growing lack of trust in government and other traditional institutions (as highlighted in Robert Putnam's popular book, *Bowling Alone*), the property rights movement, and fiscal issues that surfaced for state and local governments.

Tax-Related Initiatives and Fiscal Constraints on Local Governments

Washington's lack of a state income tax has been a major constraint on the funding resources available for state and local government. Because of the anti-tax climate of the 1980s and 1990s, the prospects of adopting a state income tax, never that popular, have dimmed even more, and the voters approved initiatives that further limited previous government taxing powers.

In the fall of 1993, two tax-related initiatives were on the ballot, Initiative 601 and Initiative 602. Initiative 601, which limited the amount that the state can spend according to a formula based on inflation and population growth and required a two-thirds majority vote in the legislature for tax increases, passed narrowly. Section 6 of I-601 was intended to prevent the shifting of responsibilities from state to local governments (unfunded mandates). However, challenges to allegedly unfunded mandates under that section require potentially costly litigation, with uncertain result, and so there have been few challenges. Initiative 602, which would have rolled back nearly all taxes, did not pass.

In November 1997, Washington voters approved Referendum 47, another tax limitation measure to enact a permanent 4.7 percent cut in the state property tax and limit annual increases in the property tax levy to the rate of inflation. Referendum 47 also limited the growth of regular property tax levies for taxing districts with a population of 10,000 or more to the lesser of the rate of inflation¹ or six percent. If the rate of inflation was less than six percent, the legislative body could increase the levy by an amount up to six percent with a finding of "substantial need" by a vote of a majority plus one.²

One man filed numerous state initiatives and gained notoriety as the leader of the anti-tax movement in Washington State. Tim Eyman led the successful campaign for Initiative 695, which was approved by the voters in 1999 and led to the elimination of the motor vehicle excise tax (MVET). Although Initiative 695 was found unconstitutional, the 2000 legislature, acceding to the wishes of the voters, repealed the MVET.³ This action resulted in a loss of nearly \$175 million per year of local government revenues and 39% of all revenue distributed to local government from the state. MVET had previously funded sales tax equalization, criminal justice

funding for cities and counties, and public health funding for counties and health districts.⁴ In 2006, local government's still received \$54 million dollars per year less revenue in state distributions than they received in 1999.

Initiative 747, another Eyman-sponsored initiative, was passed by Washington voters in 2001. Initiative 747 limited the annual growth of regular property tax levies for taxing districts with a population of 10,000 or more to the lesser of one percent (compared to the six percent previously allowed) or the rate of inflation⁵ which ever was less and to one percent for taxing districts with a population of less than 10,000. On June 13, 2006, a King County Superior Court judge ruled that Initiative 747 was unconstitutional and the decision was appealed to the Washington State Supreme Court. As of early October 2007, the court has not yet handed down its decision.

In 2002, the voters approved Initiative 776, also an Eyman initiative. Initiative 776 reduced the automobile tab fee to \$30 and eliminated \$15 road improvement fees in King, Pierce, Snohomish, and Douglas counties and removed Sound Transit's 0.3 percent motor vehicle excise tax in parts of King, Pierce, and Snohomish counties. This initiative was immediately appealed and subsequently declared unconstitutional by superior court. It was later upheld by the state supreme court⁶ except for the part that applied to the Sound Transit tax.⁷

In 2005, Washington voters passed another Eyman initiative (Initiative 901), which required performance audits of government agencies by the state auditor.

National Trends and Federal Legislation

National trends have significantly affected local governments in Washington. The first is a quantum shift in the composition of the economy, as the U.S. as a whole has changed from a manufacturing-based to a service and information economy. Manufacturing jobs typically pay more and contribute more to the local economy than service positions, such as retail sales, restaurant, and hotel workers. The Washington local tax system is based on a manufacturing economy, so that much of the new "information economy" is escaping its share of taxation. At the same time, health care and insurance costs have skyrocketed, greatly affecting the personnel costs of local governments.

Washington State, especially eastern Washington communities, has been influenced by changes in agriculture as the export economy shifts for farm products. Some of Washington's traditional products, such as apples, have seen increasing competition from foreign markets in Asia and Chile. Wineries have been rising in importance and have emerged as a major industry in the Yakima Valley and the Walla Walla area. The Washington's wheat industry, which has had its ups and downs over the years, is experiencing a resurgence in the 2000s.

During the 1990s, Washington State experienced robust growth associated with the rise of Microsoft and the high-tech industry in the Puget Sound region. However, following the dotcom bust in 1999-2001, Washington's unemployment rose to 7.7 percent in mid-2003.

By the mid-1990s, changes in technology, the widespread use of personal computers, and the rise of the Internet had begun to have substantial effects on the day-to-day operations of businesses and local governments. Virtually all employees had a computer on their desk and used a range

of software programs and databases. From the standpoint of local governments, the extensive use of e-mail and the Internet provided new opportunities for service delivery and public involvement. Cities and counties began to offer some online services and provided citizen information and means for public comment on their Web sites.

The adoption of the federal Telecommunications Act of 1996 has had substantial effects on local governments. The act allows cities and counties to retain their general zoning and land use authority related to telecommunications facilities, but it prohibits them from enacting regulations that have the effect of prohibiting the entry of new telecommunications carriers or their effective operation. The telecommunications boom has opened up new efficiencies for local governments through the use of advanced phone, Internet and wireless communications that are now used by many city workers, particularly public safety and public utility departments. Some cities are even monitoring water meters through wireless networks.

The expanding range of telecommunications services has also been a source of confusion and controversy in regard to local government taxation because the new services often do not fit within the traditional definitions in state taxation statutes.

Following the 2001 recession, federal interest rate cuts helped to fuel a housing boom. This housing boom affected many regions of the country; however, a national downturn in the housing market began in 2006. Washington State, especially the prosperous Puget Sound area, has not yet been affected by this decline as much as other regions of the U.S.

The terrorist attacks of September 11, 2001 triggered an increased focus on security and criminal justice issues at the state and local levels. At the same time, police and criminal justice expenses for states and local governments had escalated and claimed an increasingly large share of government revenue. Counties especially felt this burden because of their responsibilities for court, legal representation and jail costs. Beginning in the 1980s and partly because of sentencing reform and increased penalties for crime, Washington State jail populations grew significantly without a commensurate increase in jail capacity, resulting in chronic jail overcrowding.

Post-Growth Management Act Planning and Environmental Issues

With the implementation of GMA, the post-World War trend for population to locate in unincorporated suburban areas outside cities was reversed and there has been a shift back into cities. Washington's largest cities have experienced redevelopment and growth during this time, including Tacoma, Seattle, and Spokane while older suburbs are developing a more central city like urban atmosphere. In 2007, more than 61 percent of the state's estimated of 6.5 million population lives in cities compared to about 51 percent in 1980.

By the year 2000, Washington's aging infrastructure, including roads, bridges, and sewer and water facilities erected during the building booms of the 1960s and 1970s or earlier, were in need of replacement or repair. A key issue that has emerged during the implementation of the GMA is the adequacy of funding to meet infrastructure capital facilities needs to comply with GMA concurrency requirements and replace and repair existing aging infrastructure.

The definition of city and county roles in the GMA fundamentally changed the ways cities and counties operate in those counties subject to the GMA. With their role as service providers to unincorporated areas diminished, county governments have focused on regional concerns. In addition to the counties' loss of tax revenues due to incorporations and annexations, some counties, especially King County, were left with “islands” of low-income areas, which are difficult to serve and are unlikely to organize themselves into new cities. Examples of these areas include the North Highline-White Center area south of Seattle, the Skyway-West Hill area near Renton, the Juanita area adjacent to Kirkland, and the Fairwood area east of Renton. The state beginning in 2006 has offered financial incentives to cities to encourage them to annex these areas in the central Puget Sound region.

Several environmental issues have come into the forefront. The Washington State Department of Ecology has been a key player in addressing environmental concerns within the state. The King County critical areas ordinance and similar critical areas ordinances from other jurisdictions that have been enacted in response to GMA requirements and that have reduced the allowable footprint of development in rural areas have generated strong opposition, especially among rural property owners, and have provided fuel for the property rights movement. The statutory requirements for updates to shoreline master programs have generated opposition from small jurisdictions and rural areas.

Initiative 164, a property rights law proposed by timber companies, developers, and realtors, passed the legislature in April 1995. This initiative would have required local governments to pay for the loss of land value resulting from land use regulation; however, opponents gathered enough signatures to place the matter on the ballot and in November 1995 Washington voters rejected Referendum 48. Initiative 933, a property rights measure, based on Oregon's Measure 37, was defeated in 2006. Initiative 933, like Initiative 164, would have required governments to pay for reduced property values caused by land use and other regulations.

The listing of seven species of salmon and bull trout as “endangered” or “threatened,” by the U.S. National Marine Fisheries Service (NMFS) under the federal Endangered Species Act (ESA) in 1999, was a seminal event for the Northwest environmental community. Under the ESA, it is illegal to “take” any species of fish or wildlife that is listed as threatened or endangered without specific authorization. By rule, the NMFS has applied “take” prohibitions broadly to any actions likely to injure or kill a listed species. In response, Washington counties and cities have been required to develop salmon recovery plans and to address conservation of fisheries and wildlife resources in their critical areas updates.

In some instances, regional coalitions have formed to address environmental problems. One example is the regional approach to the protection of Puget Sound, which started in 1985 when the Puget Sound Water Quality Authority was created to address rising concern with pollution of the Sound. This responsibility was transferred to the Puget Sound Action Team, under the Department of Ecology, and, under 2007 legislation,⁸ it has now been spun off into a new state agency known as the Puget Sound Partnership. The Partnership is responsible for integrating the work of state, local, and federal governments as well as for coordinating local watershed planning and salmon recovery efforts.

In eastern Washington, the Columbia River Basin Management Program, which began in the 1990s as the Columbia River Initiative under Governor Locke, addresses development,

management, and conservation of water supplies in the Columbia Basin. Throughout Washington State, water supply and water rights issues have become critical, and a Department of Ecology backlog in issuing water rights permits developed in the 1990s.

The 1990s and 2000s saw an increased emphasis on recycling and energy conservation. Green development projects have become trendy as part of the overall sustainable development movement and in response to global warming concerns. As global warming takes a center stage in the 2000s a new chapter in growth management may unfold.

Interlocal Cooperation and Regionalism

In the 1990s and 2000s, the full potential of the Interlocal Cooperation Act⁹ passed in 1967 began to be realized, perhaps driven by necessity as a result of diminished government revenues. Cities, counties and special districts have entered into a large number and wide array of interlocal agreements among local governments, which are one indicator of a general trend toward regionalization, consolidation and joint service delivery. The areas addressed by these agreements cover a broad range including libraries, fire service, sewer treatment, drinking water supply, transmission and treatment, emergency medical services, 911 dispatch, housing, information technology, hazardous materials response, transportation planning, transit, law enforcement, multiple aspects of human services, juvenile detention, and financial transaction processing.

An important area of interlocal agreements has been the transition of county and special district services and population to cities or the sharing of services, such as law enforcement, courts, fire and emergency medical services, utilities, swimming pools, and parks. For example, King County has transferred many of its parks and swimming pools to cities where those facilities fell within city boundaries or UGA's. Some cities have annexed to fire districts or absorbed utility districts to free up property tax revenues or take advantage of scale.

Transportation Issues

Since the 1990s, Washington State has witnessed an increasing focus on transportation issues, especially in the highly congested central Puget Sound area. Among the concerns are adequate capacity, diminishing levels of service, high costs of congestion mitigation, aging infrastructure, and insufficient funding. In recent years, there has been a shift in the state's approach to transportation funding. Until the 1990s when federal and state funds dried up, the state had the primary role in funding transportation projects. At that time, the responsibility for funding state highways was shifted to local jurisdictions for highways not of statewide significance. Today, most transportation financing is shared among counties, cities, and regional districts. Another factor influencing transportation funding in the state has been a perception of people outside the central Puget Sound that they are subsidizing the transportation needs of the Puget Sound area.

Two other significant changes have shaped the transportation situation in Washington State since 1990. One is the requirement for transportation planning in the Growth Management Act. The act requires a transportation element in the local comprehensive plan, calls for coordination among jurisdictions, and requires six-year capital transportation plans to be consistent with the comprehensive plan. The requirement of transportation concurrency, which requires denial of development that would cause local transportation facilities to fall below adopted level of service

standards, has been especially difficult for many local governments to meet, particularly those in the populous central Puget Sound area.

The second important change in the transportation arena was adoption of federal legislation in 1991 to fund pedestrian, bicycle, and other non-road projects through the Intermodal Surface Transportation Act for the 21st Century (ISTEA). This funding was extended by the Transportation Equity Act for the 21st Century (TEA-21) in 1998 and reauthorized in 2006. Local governments compete with state, regional, and nonprofit agencies for these funds.

In the early 1990s, the legislature authorized King, Pierce, and Snohomish counties to create a single transit agency, the Central Puget Sound Regional Transit Authority (Sound Transit) to plan and operate a high-capacity transit system. The agency was created in 1993, but in 1995 voters rejected an extensive regional transit plan. In 1996, voters in the three counties approved a scaled down Sound Transit proposal.

To address the multiplicity of transportation issues, Governor Locke and the legislature established the Blue Ribbon Transportation Commission, which issued its final report in December 2000. One of the report's key recommendations was to empower regions to solve their own transportation problems by granting them new authority and revenue sources. The report recommended both a statewide and a regional funding package for the Puget Sound area. Following the recommendation for a regional package, the legislature in 2002 passed legislation authorizing the creation of a regional transportation investment district (RTID) in King, Pierce, and Snohomish counties, and subsequently the RTID planning committee and executive board were created. In 2003 the legislature adopted a nickel gas tax increase package of statewide transportation projects, but none of this funding went to counties and cities. In April 2005, the legislature approved an \$8.5 billion transportation tax package. This included a 9.5 cent increase in the state gasoline tax, a small portion of which went to cities and counties. This tax increase withstood a ballot challenge, Initiative 912, in the fall of 2005.

In 2006, the legislature required Sound Transit and the RTID to coordinate transportation planning and projects in King, Snohomish, and Pierce counties and to jointly submit a transportation financing plan to voters in the 2007 general election. No new transportation funding was authorized until this election, and both transit and highway funding packages must pass before either can proceed. Transportation issues, especially funding needs, continue statewide.

Population Growth

Washington State's population increased from 4.9 million in 1990 to 5.9 million in 2000, an increase of 21.2 percent. Approximately 63 percent of Washington's population growth between 1990 and 2000 was due to net migration.¹⁰ Since 2000, two-thirds of the state population growth was due to migration from other states, primarily California and Oregon.¹¹ The state has seen considerable population growth in the 2000s, and the latest Office of Financial Management estimate is a total state population of 6,488,000 in April 2007.

One of the biggest changes between 1990 and 2000 was in the percentage of population in incorporated areas, which grew from 51.9 percent in 1990 to 59.7 percent in 2000. The trend toward more population in incorporated areas appears to be continuing, with an estimated 61.3

percent in cities in 2007. This shift in population from unincorporated areas to cities reflected the influence of the GMA.

Although housing growth in the large Puget Sound counties, King, Pierce and Snohomish has slowed since 2000, growth remains concentrated in western Washington, with King, Pierce, Snohomish, and Clark showing the greatest gains since 2000. The four fastest growing counties in terms of percent change since 2000 however were Franklin, Clark, Kittitas, and Thurston reflecting more dispersed growth patterns that are including eastern Washington.

Governance

Boundaries

In April 2007, the population of cities and towns totaled 3,974,195, and since 2000, about one-third of the increase is from annexations and incorporations continuing a trend that began in the prior decade.¹²

Boundary Review Boards (BRB)

Following the adoption of enabling legislation for boundary review boards in 1967, BRBs have been created in many counties to provide a consistent approach to resolving disputes between governmental units, citizens, property owners, and developers regarding city incorporations and annexations, special district boundary changes, and certain water and sewer service extensions outside cities. A BRB is considered a unit of state government and is staffed by the county. In 1991, legislation was adopted which allowed counties fully planning under the GMA to dissolve their boundary review board in certain circumstances. At that time, there was some thought that boundary review boards might no longer be as necessary after the adoption of the GMA; however, this has not yet proven to be the case. Only Franklin, Chelan, and Clark (2006) counties have eliminated their boundary review boards in recent years. Clallam County's BRB was disbanded but then reinstated in 2004. As of 2007, there are 18 boundary review boards, and Stevens County is considering establishing one.

In boundary review board decisions since the GMA, consistency with the GMA is considered and evaluated in addition to the specific factors and objectives identified in state law.

Incorporation

As of 2007, 15 new cities have incorporated in Washington since 1990. Federal Way and SeaTac incorporated in 1990, Burien and Woodinville in 1993, Newcastle in 1994, Shoreline and University Place in 1995, Edgewood and Lakewood in 1996, Covington and Maple Valley in 1997, Kenmore in 1998, Sammamish in 1999, Liberty Lake in 2001, and Spokane Valley in 2003. This increase in the number of cities is in large part an outcome of the GMA principle that urban growth should be within cities, which are best able to provide urban facilities and services. All of the new cities are code cities, and all except Liberty Lake have a council-manager plan of government. Most of the new cities are located in King County, with three in Pierce County (University Place, Edgewood, and Lakewood), and the two newest in Spokane County (Liberty Lake and Spokane Valley). (For more details on cities, see Appendix C.)

The statutory incorporation procedure was amended extensively in 1994. The amendments increased the minimum population size for new cities to 1,500, and, therefore, no new towns could be created. The 3,000 minimum population for new cities located within five miles of a city of 15,000 or more has been in effect since 1963. In GMA counties, all new cities must be within urban growth areas.

Annexation

Several large annexations took place in the 1990s following the adoption of the GMA. The town of Winslow became the city of Bainbridge Island when the rest of the island incorporated in 1991. In 1992, Bothell, a King County city doubled in geographic size with the annexation of a large area in Snohomish County. In 1997, Vancouver annexed a large area of unincorporated Clark County. This was the largest annexation in state history and nearly doubled the city's population, adding 58,000 new residents for a total of 127,900.

Several changes to annexation procedures occurred during this time. All areas to be annexed in GMA counties had to be located within an urban growth area. In 2002, the state supreme court ruled¹³ that the direct petition method of annexation was unconstitutional, which led to the adoption by the 2003 legislature of a new "dual petition" method, which required the signatures of a majority of both property owners and residents. However, in 2004, the court¹⁴ reversed its earlier decision, and the direct petition method, which requires only signatures of property owners, became available again.

A 2004 study, "Annexations under the Growth Management Act: Barriers and Potential Solutions," by the Department of Community, Trade and Economic Development analyzed obstacles to annexation in six counties (King, Pierce, Snohomish, Kitsap, Thurston, and Clark). Subsequently, the legislature adopted an incentive for annexations, SSB 6686.¹⁵

Demise of the New County Movement

A county secessionist movement began in western Washington counties during the 1990s, when residents became upset over property rights and growth management regulations, and some citizens felt that the services they received were inadequate relative to taxes they paid. At that time, residents in several eastern rural areas of Puget Sound counties proposed creating separate new counties to be carved out of existing county boundaries. These proposals included the Cedar County in eastern King County, Liberty County in eastern Pierce County, Freedom County in eastern Snohomish County, Pioneer County in eastern Whatcom County, and Skykomish County in portions of eastern King and Snohomish counties. In February 1998, the Washington State Supreme Court rejected the bid to form Cedar County out of eastern King County, holding that the discretion and power to create, or to decline to create, a new county resides in the legislature alone.¹⁶ This decision stymied new county movements short of a constitutional amendment or legislative action.

Powers

The trend toward limited expansion of county authority continued in the 1990s with the GMA, when the counties were given additional responsibility for countywide planning policies, determining urban growth areas, and coordinating comprehensive plans with cities within their boundaries.

In 1992, following a vote by King County citizens to amend the King County charter, King County assumed the powers of Seattle Metro (which had been authorized under 1977 legislation). This could be viewed as part of a movement to consolidate local governments into a more regional form, but the action was based on a 1990 federal district court decision related to Metro's structure and the U.S. Constitution's mandate of "one person, one vote."¹⁷

Starting in the 1990s, rural counties were authorized both funding and limited responsibilities for economic development with the distressed counties program. The program started with direct grants in 1991, and was later funded by a portion of diverted state sales tax in 1997.

In 2001, state legislation allowed non-charter cities to adopt plans of government other than the three existing forms (mayor/council, council-manager, or commission), although the legislation did not specify what these other plans could include, and it did not establish a procedure to accomplish this.¹⁸

Among Washington cities, the mayor-council plan of government is most common, but there is a general trend toward the council-manager plan. As noted above, most new cities have adopted the city-manager plan. The flexibility of cities in Washington to select their own plan of government is relatively unique among states.¹⁹ In terms of the actual percentage of total city population within the two basic forms as of 2007, the figure is about 50/50, but the presence of Seattle in the mix obviously skews this statistic. Except for several large cities, including Seattle, Spokane, Everett, Kent, Renton and Bellingham, most of the mayor-council cities are relatively small.

As of 2007, Shelton is the only city with the commission plan of government; this plan was retained when Shelton became a code city in 1980. Code cities with a commission plan were granted the powers of initiative and referendum on city matters by state statute in 1965.²⁰

Structure

During the last few decades, county government structural change across the U.S. has occurred primarily as a result of an attempt to reduce barriers to service delivery. In general, most efforts to reform counties to provide greater efficiency have failed. Changes to establish clear executive responsibilities, accountability, and leadership have been more successful, particularly when the focus is on an elected executive or appointed manager.²¹

In 1991, the Washington legislature eliminated the formal classes of counties. Prior to this, there were 11 classes of counties, including AA, A, and 1st- 9th classes. Now counties are distinguished only in certain circumstances by population range, but they are not assigned a formal classification.

The legislature eliminated third class cities in 1994, and at that time, all third class cities became second class. As part of that legislation, towns lost their designation as fourth class.

County Charters

The majority of county charters in Washington State were adopted between 1978 and 1980. For the most part, attempts to approve new charters were unsuccessful during the 1980s, 1990s, and 2000s.

King County:

As part of the consolidation of King County government and Seattle Metro, county voters elected four additional members to the King County Council, and the council was expanded from 9 to 13 members in 1993. Subsequently, voters approved a charter amendment in 2004 to reduce the size of the King County Council from 13 to 9 members. In 2007, King County voters will decide whether to approve an elected position for the county's chief elections official.

Clallam County:

Clallam County adopted a home rule charter in 1976 but retained the three-member board of commissioners. In 2002, county voters adopted a charter amendment to add an elected director of community development. This was in response to controversy over the Growth Management Act. A charter amendment to change the community development director from an elected to an appointed position is on the ballot in November 2007.

San Juan County:

In 2005, San Juan County became the only county to have adopted a home rule charter since 1980. The San Juan County voters approved a charter that established a six-member council with an appointed county administrator. The motivation for this change included a perceived lack of adequate representation on the three-member commission, which gave Lopez Island greater representation than the larger and more populous Orcas and San Juan islands. Because San Juan County's situation is unusual as a county comprised only of islands (Island County is the only other county also comprised only of islands), it may not represent a general trend toward more home-rule counties in Washington State.

Pierce County:

In 2006, Pierce County voters decided to elect the county sheriff and to alter the process for electing county offices using an instant runoff voting system.

Several movements to adopt county charters failed during this time. In 1996, Island County voters turned down a proposed home rule charter. In 1999, Skamania County voters rejected a charter that proposed radical changes in county governance, many of which were of questionable legality. As of 2007, the most recent failed home rule charter attempt was in Clark County in 2002. This charter would have increased the number of commissioners from three to five and would have provided that commissioners be elected by district. The proposed Clark County home rule charter narrowly defeated.

At various times, consolidated city-county governments, authorized by a constitutional amendment in 1972, have been proposed for Vancouver and Clark County, Olympia and Thurston County, Spokane and Spokane County, and Shelton and Mason County, but none has ever been adopted. The combined city-county charter in Spokane and Spokane County was defeated in 1995.

Revenues

Since the late 1990s in particular, there has been a disproportionate rise in the costs of government compared with inflation. Government costs driven by criminal justice caseloads, pension requirements and health care have been increasing at twice the rate of inflation.

In contrast, local governments have lost of revenue authority through citizen initiatives such as the repeal of the motor vehicle excise tax and those that create new property tax limitations. This change in authority has compounded the fiscal disparity between local government costs and revenues. Escalating criminal justice costs due to changing caseloads have consumed a considerable portion of county and city revenue. Criminal justice expenditures constitute an increasing portion of county budgets, averaging over 70 percent of the typical county general fund in 2007, and costs are also increasing for cities. The 1981 Sentencing Reform Act and subsequent changes in the 1990s have substantially impacted the caseloads for courts, and new legislation has resulted in a growing number of individuals requiring incarceration, often for longer periods of time.

There has been a general trend toward state requirements for voter approval of new local taxes, likely a reflection of the citizen populist movement, rather than allowing local legislative bodies to exercise their tax authority or refer the matter for voter approval. Generally new tax authority, whether it be voter-approved or not, has been for restricted uses. County taxing authority has continued to be more limited than that of cities, since counties do not have the authority to impose business taxes or utility taxes.

The passage of Initiative 695 and the subsequent repeal of the motor vehicle excise tax (MVET) by the legislature in 2000 constituted a major blow to cities, counties, and public health. It coincided with the economic downturn in 2001. Cities lost over \$100 million per year in MVET funds; counties, \$49.7 million; and public health lost \$24 million. It was a sea change for local governments, and it substantially limited the ability of some cities and counties, especially those that had benefited from sales tax equalization, to fund anything other than basic services.

In 2000, the legislature provided some backfill funding to address the loss of the MVET to local governments and, in the 2001-2003 and the 2003-2005 budgets, the legislature provided additional funding for cities, counties, and public health. Although each year public health received approximately the same amount it had in 1999, the amounts appropriated for cities and counties continually decreased. In 2002, cities received approximately 44 percent of the amount they had lost and counties 49 percent. In 2003, cities were allocated eight percent of their 1999 MVET receipts and counties, ten percent. The 2005 budget had only \$2 million for cities, two percent of their losses from the repeal of MVET, while the county share was \$4 million or eight percent of their losses.

In 2005, the legislature approved ESSB 6050, which established the City-County Assistance Account,²² to provide ongoing assistance to all cities and counties with a low tax base. The funding is from a portion of the state real estate excise tax that had previously been allocated to the Public Works Trust Fund. The city distribution is based on a modified sales tax equalization and property tax equalization formula, and the county distribution formula uses sales tax only. The amount provided was nearly \$8 million each to cities and counties in 2006 because of the

robust growth in the real estate excise tax, the funding source.²³ The available funds are expected to be less in future years.

Property Tax Changes

During this period, rapidly rising property values, especially residential, were a major impetus for the initiatives to reduce property taxes. The two most important events since 1990 affecting property taxes were the restrictions on local government property tax levy increases resulting from the passage of Referendum 47 in 1997 and Initiative 747 in 2001. Referendum 47 limited the growth of regular property tax levies for taxing districts with a population of 10,000 or more to the lesser of the rate of inflation²⁴ or six percent plus new construction. The provisions of these ballot measures are described in the section on “Citizen Initiatives” on page **x**.

The restrictions of Referendum 47 were modest compared to those of Initiative 747. Referendum 47 had no effect on the levy authority of taxing districts with a population less than 10,000. Taxing districts with a population of 10,000 or more could, with some political will, make a finding of “substantial need” by a majority plus one vote and increase their levy by an amount up to six percent if the rate of inflation was less than six percent (as it was from 1997 through 2001).

Initiative 747, however, reduced the “limit factor” – the maximum increase in property taxes – from six percent to the lesser of one percent plus new construction or the increase in the rate of inflation²⁵ for taxing districts with a population of 10,000 or more and one percent for districts with a population of less than 10,000.

Not all taxing districts would have increased their levies by six percent if Initiative 747 had not passed. Some would have been prevented from doing so because they were too close to their maximum property tax rate limit. But those taxing districts that had the taxing capacity would surely have been tempted. The property tax is almost the only source of revenue for several major special districts. And, cities and counties had just lost their motor vehicle excise tax revenue in 2000 and faced budget cuts even without the passage of Initiative 747. The reduction from six to one percent in their allowable levy *increase* represented a huge loss in potential revenue and still does.

The legislature did pass several bills in the post-1990 period that increased local government property tax levy authority, but not in any way that provided a meaningful offset for the effect of Initiative 747. In 1991, the voter-approved levy authority for emergency medical services was increased from 25 cents to 50 cents per thousand dollars assessed valuation.²⁶ In 1993, cities and counties were authorized to impose additional property tax levies of up to 50 cents per thousand dollars of assessed valuation to finance affordable housing for very low income households, subject to voter approval.²⁷ Only one jurisdiction is reported to have levied this tax. Counties of 90,000 or less population were authorized to impose additional property tax levies of up to 50 cents per thousand dollars of assessed value for criminal justice purposes, subject to voter approval by super-majority in 2004.²⁸ So far, no county has brought this tax up for a vote.

Sales Taxes

During the period after 1990, a number of new sales taxes were authorized for restricted purposes. Some were additional new sales taxes and others were credits against the state sales tax and did not involve the imposition of an additional tax on purchasers. Remote catalog and Internet sales began to be a factor in the 1990's and reduced total revenue.

New sales taxes during this period included a 0.1 percent sales tax for counties for criminal justice purposes, authorized in 1990 for six counties and extended to all counties in 1993.²⁹ This tax does not require voter approval and is shared with cities. A 0.1 percent sales tax for counties (except King) for jails and juvenile correctional facilities, which requires voter approval, was passed in 1995.³⁰ Counties and cities were also authorized to impose an emergency communications sales tax of 0.1 percent in 2002, which must be voter approved.³¹

In 2003, the legislature authorized an additional voter-approved sales tax for counties of 0.3 percent, of which one-third must go to criminal justice.³² The funds from this source are shared with cities. In 2005, counties were given the authority to impose a 0.1 percent sales tax for mental health and chemical dependence treatment purposes.³³

One example of a new credit against the state sales tax was the sales tax in rural counties initially authorized in 1997 for 0.04 percent. This was intended for infrastructure serving economic development purposes and is a fairly significant funding source for rural counties. It was increased to 0.08 percent in 1999 and to 0.09 percent in 2007, when it was amended to tighten up the restrictions on the use of the funds.³⁴

Another tax that is a credit against the state sales tax is the municipal services for annexation areas tax authorized in 2006.³⁵ This ranges from 0.1 percent to 0.2 percent depending on the population size of the annexation area and is discussed above in the "Annexation" section on page 80.

Additional sales taxes have been authorized that affect local governments and special districts, including the Sound Transit tax;³⁶ the Regional Transportation Investment District tax;³⁷ the transportation benefit districts tax;³⁸ the public facility district taxes;³⁹ and city, county, and public transportation benefit areas (PTBA) sales taxes for transit.⁴⁰

One additional development in the sales tax area is the adoption of legislation regarding sales tax streamlining in 2007.⁴¹ This allows Washington to comply with the national Streamlined Sales Tax Agreement and provides mitigation for jurisdictions that will lose sales taxes as a result of streamlining. This involves a shift in the sourcing of the sales tax receipts from the purchasing location to the residence or location where the product is delivered. It will result in a partial shift in tax receipts from cities with a large commercial base to counties and cities that are primarily residential.

Gas Tax

The 2005 tax package for transportation, which raised the gas tax 9.5 cents per gallon over a five-year period, allocated a share of the tax increases to both cities and counties during the first

two years (one-quarter cent per gallon per year each to cities and counties).⁴² This provides a continuing stream of restricted revenue for counties and cities for transportation.

Business & Occupation Taxes (B&O Taxes)

The statutes that allow cities to license businesses also give them the authority to impose business and occupation taxes.⁴³ This authority of cities to impose business and occupation taxes is one of the important differences between city and county taxing authority. Currently, 39 cities impose a B&O tax. In 2003, legislation was passed that required cities to adopt a model B&O tax ordinance using definitions tied to state definitions and mandating some administrative procedures.⁴⁴ Effective January 2008, business taxes must provide for allocation and apportionment, resulting in a loss of revenue to cities estimated at \$23.2 million.⁴⁵

Utility Taxes

Another area in which cities have taxing authority and the counties do not is the utility tax.⁴⁶ According to the 2006 Association of Washington Cities *Tax and User Fee Survey*, 225 cities out of 273 responding to this question on the survey levy a tax on at least one utility. In recent years, a number of bills have been introduced to give counties some kind of utility tax authority but none have passed.

Washington State Tax Structure Study Committee

Over the years, several advisory committees and studies have been initiated to address the state's tax structure. Governor Spellman created a Tax Advisory Council in 1982, during the recession of the early 1980s. No action was taken on the recommendation to establish personal and corporate income taxes. In 1988, Governor Booth Gardner appointed the Governor's Committee on Washington's Financial Future, and again, an income tax was recommended but never adopted by the legislature.

In 2002, Governor Locke established the Washington Tax Structure Study Committee, chaired by Bill Gates, Sr., to study the taxation issue. The committee did an extensive study and issued a detailed report. The committee concluded that the state's tax system is flawed, regressive, and one of the worst in the U.S. Among the committee's recommendations was a 3.8 percent flat income tax. Nevertheless, an income tax remains too politically unpopular for the legislature to propose a constitutional amendment.

State Grant and Loan Programs

There is an impressive array of loan programs targeted at local government available at the state level. Most of these are in the areas of transportation, utilities, mental health, and parks and recreation. One example that has already been discussed is the Public Works Trust Fund. Others include the programs of the County Road Assistance Board (CRAB) and the Transportation Improvement Board (TIB). The following is a list of additional grant and loan programs:

- Water Quality Account – Centennial Clean Water Account
- County pass-through funds for social services and mental health

- LOCAL Program (includes various Community, Trade and Economic Development programs, including Main Street, Community Economic Revitalization Board, and others)
- Recreation and Conservation Funding Board
- Department of Community Trade and Economic Development funding for growth management.

A more comprehensive list of grants and loans may be found in the Municipal Research and Services Center (MRSC) Web page, Grant Resources for Washington Local Governments - <http://www.mrsc.org/subjects/finance/grants/grants.aspx>.⁴⁷

Tax Increment Financing

In 2001, the legislature enacted Chapter 39.89 RCW providing new authority for tax increment financing (TIF) in the state. This legislation sought to address problems with the Community Development Financing Act, RCW 39.88, which was found to be unconstitutional in 1995. Chapter 39.89 RCW was amended in 2002 and has not been widely used to date.

In 2006, the legislature enacted Chapter 39.102 RCW to provide certain local governments with an alternate tax increment financing mechanism referred to as the Local Infrastructure Financing Tool (LIFT). The LIFT statutes were amended in 2007. LIFT primarily differs from TIF because LIFT accesses sales tax receipts in addition to property tax receipts.

Overall, the tax increment financing is not an attractive solution for financing the state's infrastructure needs because the tax revenues available to local governments under TIF and LIFT generally are not sufficient to finance meaningful capital projects, and the existing laws are complex and difficult to implement.

Voluntary Agreements and Impact Fees

Voluntary agreements, which allow local governments to give developers the option of a fee in lieu of a requirement such as open space for subdivisions or off-street parking requirements, or to mitigate direct development impacts, have been authorized since the 1970s.⁴⁸

Impact fees are charges assessed by local governments against new development projects that attempt to recover, at least to some extent, the costs incurred by government in providing the public facilities required to serve the new development. They relate to concurrency requirements in GMA counties. Impact fees may only be used to fund facilities, such as roads, schools, and parks, that are reasonably related to new development. In Washington, impact fees are authorized for those jurisdictions planning under the GMA (RCW 82.02.050 - .100), as part of "voluntary agreements," and as mitigation for impacts under the State Environmental Policy Act (SEPA). GMA impact fees are only authorized for public streets and roads; publicly owned parks, open space, and recreation facilities; school facilities; and fire protection facilities in jurisdictions that are not part of a fire district. Generally, impact fees do not recover the full cost of a new facility since these fees must be directly and proportionately related to impacts associated with new development.

GMA impact fees are attractive for local governments to use because the statutory authority is clear, there is some predictability for developers, and there is more flexibility in the use of the fees than via SEPA authority or the voluntary agreements statute.

New Governments

As of 2007, there are approximately 1,345 special districts in Washington State, and more than 80 different types of districts have been authorized by the legislature (see Appendix K, History of Special Purpose Districts by Date of Enabling Legislation). Many of these districts were established before the 1920s.

Since 1990, the legislature has authorized several major changes to special districts. In 2004, the legislature authorized the creation of Regional Fire Protection Service Authorities, composed of two or more adjacent fire protection jurisdictions, which are defined as fire protection districts, cities, port districts, or Indian tribes. New Transportation Benefit District legislation in 2005 amplified the role of transportation benefit districts and in 2007 gave them the authority to impose a \$20 per vehicle fee and transportation impact fees with the approval of the legislative authority.⁴⁹

In the 2000s, relatively few special district consolidations or major annexations have taken place. One exception is the annexation of Camano Island by the Snohomish County Public Utility District following 1987 legislation allowing such an annexation. Some fire and water districts have been absorbed by cities or consolidated with cities as the result of an annexation or incorporation. The lack of consolidation among special districts reflects the same outcome as in city-city and city-county consolidation, which has also been very limited in Washington State. Once created, special districts tend to have staying power and operate quite independently of each other, though some small ones may simply become inactive.

Fire Districts

Fire districts are the most common type of special district in Washington State. There are 374 fire districts in Washington in 2007.⁵⁰ In 1995, three fire districts in South Hill, Parkland, and Spanaway merged into the Central Pierce Fire and Rescue District. Following the adoption of the legislation allowing Regional Fire Protection Service Authorities (RFPSA) in 2004,⁵¹ Auburn, Algona, and Pacific organized the first RFPSA.⁵² RFPSAs can raise funds through sales and use taxes, benefit charges, or property taxes.

Health Districts

In 1993, the Health Reform Act shifted responsibilities for public health from cities and counties to counties only. At the same time, a portion of the cities' share of the MVET was transferred to counties to defray costs. With the loss of the MVET in 2000, however, funding for health was inadequate, even though some "backfill" funding was provided.

During the 1990s there was a move to establish health districts, and some joint county-county health districts were dissolved, including one in Clark and Wahkiakum counties.

Service Agreements

The 1994 legislature authorized counties, cities, and special districts to enter into “service agreements” for providing local government services, but they are very complex to implement, and this legislation has never been used.⁵³ A basic difference between this legislation and interlocal agreements is that not all parties subject to the service agreement need to approve it.

Transportation-Related Districts

Starting in the 1990s and continuing into the 2000s, special districts were authorized to create new ways to fund public transportation and transportation facilities. In 1992, the state authorized the establishment of a regional transit authority (RTA) in the central Puget Sound area (King, Snohomish, and Pierce counties) for new high capacity transportation systems.⁵⁴ An RTA is a federated special district empowered to provide high capacity transportation systems in those counties.

Legislation allowing city transportation authorities was passed in 2002.⁵⁵ In 2007, the transportation benefits district legislation was amended to allow local governments to impose vehicle fees of up to \$20 and impact fees without a public vote.⁵⁶ Amendments in 2005 had given transportation benefit districts the authority to impose a 0.2 percent voter-approved sales tax as well as the authority to impose a \$100 per vehicle fee.⁵⁷

Metropolitan Park Districts

The statute authorizing metropolitan park districts was amended in 2002 to allow cities of under 5,000 population and counties (and combinations of cities and counties) to establish a metropolitan park district.⁵⁸ Subsequently, new metropolitan park districts were formed in Pullman (2002), North Bend (2003), Douglas County (2004), Pierce County (2004), and Clark County (2005).

Public Development Authorities

Since the 1970s, cities and counties have had the ability to establish "public corporations, commissions or authorities."⁵⁹ These special purpose quasi-municipal corporations have become known as "PDA's." Local governments have established public corporations for a variety of public purposes including redevelopment and community renewal of downtowns or business districts, low income housing, public health, museums, historic preservation, and cultural facilities, all generally relating to economic development.

Housing Authorities

Changes to housing authority laws have given authorities increasing flexibility to develop mixed income housing. Cities and counties are also allocating local resources for low income housing and special facilities for homeless and disabled persons.

Public Facilities Districts

There has been a trend to create public facilities districts to finance a variety of governmental facilities, including Safeco Field and approximately 20 other facilities statewide.⁶⁰ Public

facilities districts formed by cities and counties can levy a tax of 0.033 percent to be credited against the state sales tax.⁶¹ They also can levy an additional voter-approved 0.2 percent sales tax.⁶² City-formed districts may also levy parking taxes, and admission taxes.⁶³ The public facilities district legislation can be combined with tax increment financing.

Current Significance

By 2007, local governments in Washington have adjusted to the changes precipitated by GMA and have adapted to some of the fiscal constraints of governance in the 2000s. Quite a few cities in Washington have incorporated since 1990. County governments have slowly restructured themselves to address their current responsibilities and fiscal limitations. Washington's proliferation of special districts continues to complicate the local governance picture in the state. The recommendations for restructuring local governments from the Local Governance Study Commission in the 1980s and for changing the tax system from the Washington State Tax Structure Study Committee in 2002 have never been implemented. Basic limitations of the Washington State Constitution and the state's tax structure continue to restrict the ability of local government to independently carry out their responsibilities.

In areas such as growth management and environmental legislation, Washington has been on the leading edge, but in other governmental functions, such as transportation, it has lagged behind other states. GMA has heightened the differences between eastern and western Washington and between cities, rural and resource areas. The Puget Sound area, Spokane and Clark Counties are thriving economically while other areas are seeking to attract industries and viable economic development. There is a need to improve cost effectiveness in terms of service delivery and to explore further opportunities for coordinated service delivery.

Counties, in particular, face challenges. Their limited independent authority and structure, new regional responsibilities for some services, and their residual role to provide local services to unincorporated areas all contribute to these challenges.

Chapter 9: Future of Local Governance

At the outset of Chapter 1, we stated the two questions posed to the Local Governance Study Commission by the Legislature in 1985: How and why did Washington local governments come to have their present character? How was their development affected by public policy? For the most part, these questions have been answered. In the last seven chapters, we showed how the state's local governance tradition has evolved in response to changing conditions, and how that evolution came to lag behind the pace and complexity of change.

Our task now is to summarize our understanding, and the implications that flow from it, so that the lessons of history can be made available to help in addressing the future. We shall first restate analytically what we developed chronologically in those seven chapters. Then we comment briefly on the distinctiveness of the Washington local governance experience, and finally speculate a bit about the process of redefining our evolving tradition.

Washington's Evolving Local Governance Tradition

For at least the first half-century of white settlement, the geographic and social diversity of local areas, combined with the political experiences of those years, led naturally to the principle of local option and control. Counties and cities, the major units of government, had a relationship in which each had a clearly defined and distinct role to play. With little challenge, these two became the major building blocks of local governance tradition.

For the first four decades after statehood, amidst considerable turmoil and development, this tradition was essentially confirmed. But a small seed of future change was planted — one that crossed from the first component to the second. As a direct manifestation of the local option and control principle, the special purpose district was adapted for use in Washington. From the time it was first employed in the 1890s, this form of government was a major means of accomplishing new goals and providing services to new beneficiaries. In time, the multiplication of special purpose districts would contribute significantly to undermining the distinctiveness of local government roles in the state.

The forces that would set in motion the evolution of local governance tradition actually began to develop and converge in the Depression era. But it was not until the surge of development produced by World War II and the sharp rise in population immediately afterwards that these forces generated the momentum to get this evolutionary motion seriously underway.

What the three leading forces were, and how they interacted to reshape the world of local governments, need to be spelled out carefully.

The first was the new (since the Depression) role of the state and federal governments. Both higher levels of government first entered the local arena in a major way in the 1930s, in order to provide financial support and public works programs that would lead to recovery. After World War II, the state and the federal government both actively sought to promote growth in various ways, to encourage planning, and to protect the environment. The federal government in particular granted funds directly to local governments, and state-administered federal funds added to the resources available.

Soon, however, both governments were setting standards for local performance, for example with respect to courts and jails or environmental health. Many of these mandates were unaccompanied by the financial means to fulfill them. Local governments, the junior partners in a complex intergovernmental enterprise, eventually lost a good share of whatever local option and control they had enjoyed. Since 1980, both federal and state resources provided to local governments have been shrinking, while federal and state standards for local performance have remained and some cases increased.

The second set of forces is the rapid growth and spread of population, particularly in unincorporated areas near larger cities. This movement was made possible by new levels of affluence and by the extensive road and highway system built since the Depression. As a means for obtaining urban-type services, the new residents turned to the standard Washington remedy, the special purpose district. Cities and counties also began to acquire new functions, often duplicative ones, as did special purpose districts. Thus, the distinctiveness of governmental roles began to be lost. With the adoption of the Growth Management Act (GMA) in 1990, this situation changed somewhat as urbanized suburban areas began to incorporate or annex to adjacent cities. This reflected the mandate of the GMA that urban growth should be located in cities, the appropriate units of government to provide urban services.

The third force consisted of new problems — transportation, environmental health, social services, and criminal justice — that arose in part because of the growth and spread of population, and in part because broad geographic areas were being sewn together as social and economic units. In addition to the problems of service provision in densely populated unincorporated areas, there were now problems of cross-jurisdictional coordination. Soon local governments began to be caught in a squeeze between the new problems on the one hand and declining revenues on the other.

By 2000, Washington local governance tradition had begun to evolve. Local option and control was still a powerful principle, but more fully honored in rhetoric than in reality. Many requirements and levels of performance were mandated from above, and many standardized procedures and criteria for receiving financial assistance completed the web of interdependence. Apparently because available structural change opportunities were difficult and uncertain, relatively few adaptive changes were made by local governments. The once exclusive counties and cities had first made room for special purpose districts, and then all three units began to share similar functions. Their respective roles, once truly distinctive, became blurred to the point that they were often competing for the right to serve particular urban unincorporated area constituencies — and for the tax bases to do so. Following GMA, the roles of counties and cities were clarified, as cities were seen as the primary urban service providers, with counties taking on a more regional function; however, the role of special districts was still unclear.

Despite these obstacles, local governments were providing nearly all requested services to citizens who sought them. Not all services were being provided in the most effective way, however, and in some cases only after prolonged disputes and delicate negotiations (sewage treatment, drinking water protection). Some problems were handled by more than one unit of government, but in duplicative and unnecessarily expensive ways (transportation, solid waste, public safety.)

In this context, the fiscal squeeze on local governments since the 1980s became a major new pressure. It meant that some local governments had to cut back on services and personnel, and/or seek new ways to take advantage of available economies — including economies of scale. A web of joint service agreements evolved statewide. Scarcity of resources has also meant however, that there was greater need to set goals and priorities on an area-wide basis, and then to find ways of funding and implementing the leading choices. These developments may indicate further change in Washington's local governance tradition, and new pressure for redefinition of that tradition to fit the future.

Washington's Distinctiveness Among the States

Washington's practice with respect to local government is distinctive among the states in at least two ways. One certainly is in the use of special purpose districts. According to the *2002 Census of Governments*, Washington is sixth in the country in the total number of special purpose districts statewide.

Clearly, the local option and control principle has played a major role in developing the tendency toward special districts in this state. But so has the fact that counties are obliged to tax uniformly throughout their entire jurisdiction, and were unable to tax only a specific area whose citizens were seeking a particular service. This fact left residents little choice but to form a special purpose district that could tax and provide the service. In addition, the reform movements of the early 20th century helped to create a “district orientation” in Washington's social memory. Together, all of these factors have established Washington as a distinctively special purpose district state.

A second area of distinctiveness is in the area of joint service delivery. While regional general purpose governance has not been common in Washington State, the need for local governments to cooperate in the delivery of services has resulted in a proliferation of interlocal agreements to address the specific circumstances involved. To some extent, the GMA has encouraged such agreements, particularly in situations where there is a transition from county to city services or regulations.

Another kind of distinctiveness is evident with respect to the nature of Washington's local governance tradition, both as it was originally shaped and in its currently evolved form. In fact adjoining states like Oregon, with apparently similar geographic and economic circumstances, have emerged with different governing traditions and styles. These contrasts may be most acute with respect to the role of local governments, and add to our developing sense of Washington's distinctiveness.

The basic difference is that Oregon is a state with a history of initiative and control from the state level, while Washington is just the opposite. Oregon characteristically sets standards and requires local governments to meet them, even in such sensitive areas as land use control. Oregon's land use planning legislation is a “top-down” approach, with the state playing a major role. Washington's Growth Management Act is more of a “bottom up” approach, with local governments having most responsibility for planning.

Comparing Washington to other states helps to highlight the special nature of our local governance tradition. It may help us to see the limits to which we can expect to borrow models

from other states, and to emphasize that the redefinition of the Washington tradition will have to be accomplished within the range of its evolutionary past and potential.

The Future of Local Governance in Washington

At the end of the period covered by this history, Washington's local governance tradition seems destined for further change. The forces that set its evolution underway have changed the world of local governments substantially from what it was when the tradition was established and confirmed. The evolution that has occurred is substantial, but far from all that is necessary to enable local governments to meet the emerging problems they face. The challenges that local governments face in the 2000s may be organized into three categories. One is some redefinition of roles, and rearrangement of revenue authority and state assistance to fit these roles. The revenue squeeze which has haunted many local governments for decades has been exacerbated by citizen initiatives limiting taxes in the 1990s and 2000s. Counties, in particular, have felt this revenue squeeze most acutely, as they are dependent on property taxes and have lost revenues due to incorporations and annexations.

Another challenge is the defining the appropriate role of special districts in Washington State. Washington lacks a cohesive policy on special districts. The GMA has helped to clarify local government roles for counties and cities, but additional clarification is needed related to special districts. Special districts were created to fill the gap in service delivery between cities and counties, especially in unincorporated areas. In situations where incorporation occurred after the creation of special districts, some of these districts have tended to persist.

Third is the challenge of taking advantage of the capabilities of technology. Connecting to service delivery using the Internet - enabling the delivery of e-services has already taken hold with examples sprouting up across the state and between some jurisdictions. Services such as changing addresses, paying for utility services or parking tickets, looking up and receiving copies of records, acquiring certain types of building permits or registering for parks and recreation programs in some jurisdictions can be done on the web. The next wave of service innovation enabled by technology may be interoperability that could allow "seamless" service to citizens regardless of location or service entity. For example, response to and investigation of a series of crimes that occurred in several jurisdictions could be advanced by communication systems, software and data sharing that can be operated at any site on any computer or voice communication system not transmitted through a series of different systems in various, sometimes awkward ways. Another example may be services being delivered to an individual that has needs that are being addressed through multiple government providers that currently must seek initial records, registration, sometimes testing and intake information for the same person multiple times. Interoperability would allow information to be gathered once and supplemented rather than repeated with each service provider expending time and money on treatment rather than in-take.

How we as a state address these challenges, will create the effective or ineffective mechanisms through which the state's local governments address our state's future problems, whether they be social, environmental or economic. These challenges will be met in part by conscious choices, and in part by the actual problem solving practices of local governments. The state's economic, social and environmental situation is changing once again, and with it the character of state and local government responsibilities. We have in the 2000s an excellent opportunity to make use of

the past in order to shape the future of local governments that we want.

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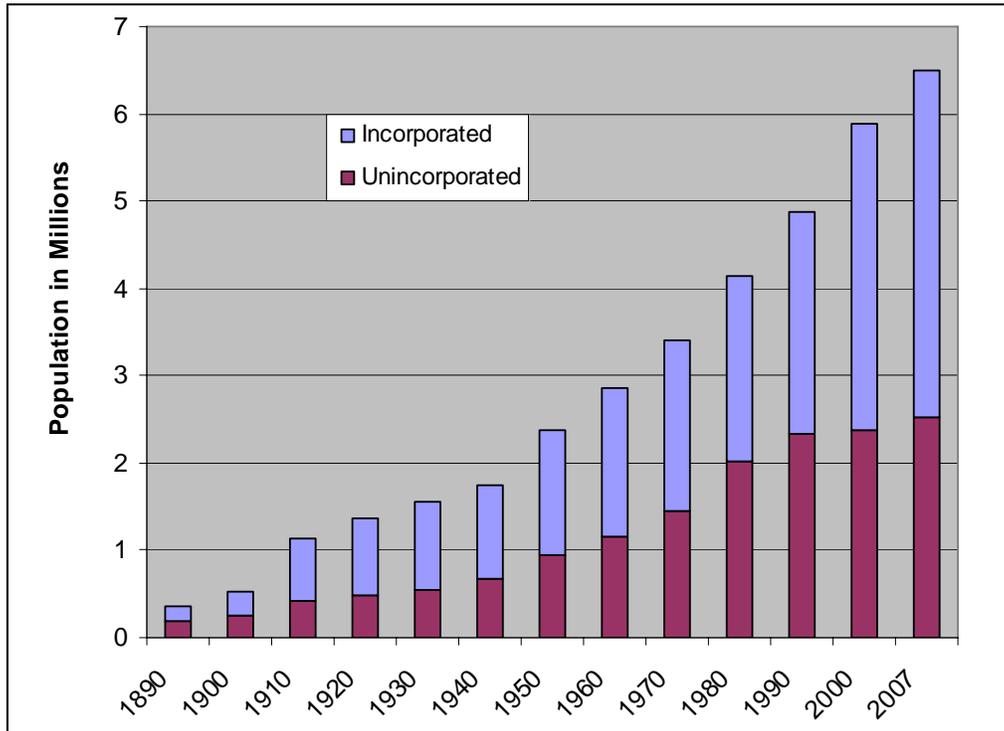
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Appendix A: Population in Incorporated and Unincorporated Areas



Year	Population			Distribution (percent)	
	Total	Incorporated	Unincorporated	Incorporated	Unincorporated
1890	357,232	159,098	198,134	44.54	55.46
1900	518,103	263,523	254,580	50.86	49.14
1910	1,141,990	720,017	421,973	63.05	36.95
1920	1,356,621	865,625	490,996	63.81	36.19
1930	1,563,396	1,009,128	554,268	64.55	35.45
1940	1,736,191	1,058,933	677,258	60.99	39.01
1950	2,378,963	1,423,460	955,503	59.84	40.16
1960	2,853,214	1,703,049	1,150,165	59.69	40.31
1970	3,413,250	1,954,231	1,459,019	57.25	42.75
1980	4,132,353	2,123,164	2,009,189	51.38	48.62
1990	4,866,663	2,525,293	2,341,370	51.89	48.11
2000	5,894,143	3,519,520	2,374,623	59.71	40.29
2007	6,488,000	3,974,195	2,513,805	61.3	38.7

Source: Office of Financial Management, 2005 Data Book,
www.ofm.wa.gov/databook/local/lt061.asp

Appendix B: Counties by Year of Establishment

<u>County*</u>	<u>Year of Establishment</u>
Clark	1844
Lewis	1845
Klickitat	1850
Pacific	1851
Thurston	1852
Pierce	1852
King	1852
Jefferson	1853
Island	1854
Skamania	1854
Wahkiakum	1854
Grays Harbor (Name changed from Chehalis, 1915)	1854
Mason	1854
Clallam	1854
Whatcom	1854
Cowlitz	1854
Walla Walla	1854
Kitsap	1856
Snohomish	1861
Stevens	1863
Spokane	1864
Yakima	1865
Whitman	1871
San Juan	1873
Columbia	1875
Garfield	1881
Douglas	1883
Kittitas	1883
Franklin	1883
Adams	1883
Lincoln	1883
Skagit	1883
Asotin	1883
Okanogan	1888
Ferry	1899
Benton	1905
Chelan	1908
Grant	1909
Pend Oreille	1911

* Boundaries of original counties changed as new counties were added.

Appendix C: Cities by Year of Establishment

City	County	Year of Incorporation
Steilacoom	Pierce	1854
Vancouver	Clark	1857
Olympia	Thurston	1859
Port Townsend	Jefferson	1860
Walla Walla	Walla Walla	1862
Seattle	King	1865
Tumwater	Thurston	1869
Kalama	Cowlitz	1871
Colfax	Whitman	1873
Tacoma	Pierce	1875
Goldendale	Klickitat	1879
Dayton	Columbia	1881
Waitsburg	Walla Walla	1881
Spokane	Spokane	1881
Snohomish	Snohomish	1883
Montesano	Grays Harbor	1883
Chehalis	Lewis	1883
Ellensburg	Kittitas	1883
Sprague	Lincoln	1883
Cheney	Spokane	1883
La Conner	Skagit	1883
Union Gap	Yakima	1883
Yakima	Yakima	1886
Pomeroy	Garfield	1886
Centralia	Lewis	1886
Farmington	Whitman	1888
Palouse	Whitman	1888
Pullman	Whitman	1888
Spangle	Spokane	1888
Orting	Pierce	1889
Waterville	Douglas	1889
Tekoa	Whitman	1889
Wilbur	Lincoln	1890
South Bend	Pacific	1890
Blaine	Whatcom	1890
Buckley	Pierce	1890
Elma	Grays Harbor	1890
Rockford	Spokane	1890
Ritzville	Adams	1890
Port Angeles	Clallam	1890
Kelso	Cowlitz	1890
Winlock	Lewis	1890

City	County	Year of Incorporation
Colton	Whitman	1890
Davenport	Lincoln	1890
Mount Vernon	Skagit	1890
Asotin	Asotin	1890
Puyallup	Pierce	1890
Roslyn	Kittitas	1890
Oakesdale	Whiman	1890
Colville	Stevens	1890
Kent	King	1890
Aberdeen	Grays Harbor	1890
Uniontown	Whitman	1890
Port Orchard	Kitsap	1890
Medical Lake	Spokane	1890
Hoquiam	Grays Harbor	1890
Castle Rock	Cowlitz	1890
Ilwaco	Whitman	1890
Shelton	Mason	1890
Cosmopolis	Grays Harbor	1890
Edmonds	Snohomish	1890
Auburn	King	1891
Lynden	Whatcom	1891
Hamilton	Skagit	1891
Pasco	Franklin	1891
Sumner	Pierce	1891
Sumas	Whatcom	1891
Anacortes	Skagit	1891
Marysville	Snohomish	1891
Latah	Spokane	1892
Kettle Falls	Stevens	1892
Toledo	Lewis	1892
Issaquah	King	1892
Everett	Snohomish	1893
Wenatchee	Chelan	1893
Rosalia	Whitman	1894
Northport	Stevens	1898
Sedro Wooley	Skagit	1898
Prosser	Benton	1899
Republic	Ferry	1900
Renton	King	1901
Bremerton	Kitsap	1901
Clarkston	Asotin	1902
Chelan	Chelan	1902
Sunnyside	Yakima	1902
Lind	Adams	1902
Odessa	Lincoln	1902

City	County	Year of Incorporation
Cle Elum	Kittitas	1902
Burlington	Skagit	1902
Harrington	Lincoln	1902
Granite Falls	Snohomish	1903
Bellingham	Whatcom	1903
Washtucna	Adams	1903
Monroe	Snohomish	1903
Creston	Lincoln	1903
Wilson Creek	Grant	1903
Stanwood	Snohomish	1903
Chewelah	Stevens	1903
Arlington	Snohomish	1903
Snoqualmie	King	1903
Reardan	Lincoln	1903
Newport	Pend Oreille	1903
Springdale	Stevens	1903
Prescott	Walla Walla	1903
Cashmere	Chelan	1904
St. John	Whitman	1904
Kennewick	Benton	1904
Almira	Lincoln	1905
Starbuck	Columbia	1905
Oakville	Grays Harbor	1905
Mabton	Yakima	1905
Fairfield	Spokane	1905
Endicott	Whitman	1905
Kirkland	King	1905
Sultan	Snohomish	1905
Tenino	Thurston	1906
Pe Ell	Lewis	1906
Vader	Lewis	1906
Leavenworth	Chelan	1906
Camas	Clark	1906
Woodland	Cowlitz	1906
Ruston	Pierce	1906
Toppenish	Yakima	1907
Quincy	Grant	1907
White Salmon	Klickitat	1907
Milton	Pierce	1907
Hatton	Adams	1907
Index	Snohomish	1907
Ferndale	Whatcom	1907
Waverly	Spokane	1907
Stevenson	Skamania	1907
Raymond	Pacific	1907

City	County	Year of Incorporation
Cathlamet	Wahkiakum	1907
Hartline	Grant	1907
Coulee City	Grant	1907
Poulsbo	Kitsap	1907
Kahlotus	Franklin	1907
Okanogan	Okanogan	1907
Deer Park	Spokane	1908
Washougal	Clark	1908
Conconully	Okanogan	1908
Tukwila	King	1908
Wapato	Yakima	1908
Oroville	Okanogan	1908
Yacolt	Clark	1908
Roy	Pierce	1908
Lyman	Skagit	1909
Friday Harbor	San Juan	1909
Grandview	Yakima	1909
Ephrata	Grant	1909
Eatonville	Pierce	1909
La Center	Clark	1909
South Prairie	Pierce	1909
Bothell	King	1909
Ridgefield	Clark	1909
Granger	Yakima	1909
Malden	Whitman	1909
Twisp	Okanogan	1909
Skykomish	King	1909
Wilkeson	Pierce	1909
Concrete	Skagit	1909
North Bend	King	1909
Pacific	King	1909
Ione	Pend Oreille	1910
Richland	Benton	1910
Coupeville	Island	1910
Warden	Grant	1910
Albion	Whitman	1910
Lamont	Whitman	1910
Connell	Franklin	1910
Bridgeport	Douglas	1910
Marcus	Stevens	1910
Gold Bar	Snohomish	1910
Brewster	Okanogan	1910
Bucoda	Thurston	1910
Othello	Adams	1910
Zillah	Yakima	1911

City	County	Year of Incorporation
Krupp	Grant	1911
Omak	Okanogan	1911
Mansfield	Douglas	1911
South Cle Elum	Kittitas	1911
Metaline Falls	Pend Oreille	1911
Redmond	King	1912
Carnation	King	1912
Nooksack	Whatcom	1912
Du Pont	Pierce	1912
Sequim	Clallam	1913
Napavine	Lewis	1913
Morton	Lewis	1913
Riverside	Okanogan	1913
Enumclaw	King	1913
Langley	Island	1913
Duvall	King	1913
Pateros	Okanogan	1913
Westport	Grays Harbor	1914
Oak Harbor	Island	1915
La Crosse	Whitman	1917
Soap Lake	Grant	1919
Selah	Yakima	1919
Moxee City	Yakima	1921
Naches	Yakima	1921
Long Beach	Pacific	1922
Bingen	Klickitat	1924
Longview	Cowlitz	1924
Yelm	Thurston	1924
Winthrop	Okanogan	1924
Fircrest	Pierce	1925
Millwood	Spokane	1927
Tonasket	Okanogan	1927
Cusick	Pend Oreille	1927
Everson	Whatcom	1929
Rock Island	Douglas	1930
Kittitas	Kittitas	1931
Grand Coulee	Grant	1935
East Wenatchee	Douglas	1935
Nespelem	Okanogan	1935
North Bonneville	Skamania	1935
Moses Lake	Grant	1938
Tieton	Yakima	1942
McCleary	Grays Harbor	1943
Entiat	Chelan	1944
Darrington	Snohomish	1945

City	County	Year of Incorporation
Forks	Clallam	1945
Benton City	Benton	1945
Gig Harbor	Pierce	1946
College Place	Walla Walla	1946
Harrah	Yakima	1946
Rainier	Thurston	1947
Winslow (Renamed Bainbridge Island when rest of island incorporated in Feb 1991)	Kitsap	1947
Elmer City	Okanogan	1947
Houghton	King	1947
Mukilteo	Snohomish	1947
Mossyrock	Lewis	1948
Metaline	Pend Oreille	1948
Carbonado	Pierce	1948
Bonney Lake	Pierce	1948
Electric City	Grant	1950
Battleground	Clark	1951
Bellevue	King	1953
Clyde Hill	King	1953
Normandy Park	King	1953
Beaux Arts	King	1954
Mountlake Terrace	Snohomish	1954
Medina	King	1955
Hunts Point	King	1955
Airway Heights	Spokane	1955
Mesa	Franklin	1955
Algona	King	1955
West Richland	Benton	1955
Fife	Pierce	1957
Westlake	Grant	1957
Mattawa	Grant	1958
Woodway	Snohomish	1958
Des Moines	King	1959
Yarrow Point	King	1959
Coulee Dam	Okanogan	1959
Black Diamond	King	1959
Lynnwood	Snohomish	1959
Mercer Island Town	King	1960
Lake Stevens	Snohomish	1960
Mercer Island City	King	1960
Lake Forest Park	King	1961
George	Grant	1961
Royal City	Grant	1962
Brier	Snohomish	1965
Lacey	Thurston	1966
Ocean Shores	Grays Harbor	1971

City	County	Year of Incorporation
Mill Creek	Snohomish	1983
Federal Way	King	1990
SeaTac	King	1990
Burien	King	1993
Woodinville	King	1993
Newcastle	King	1994
Shoreline	King	1995
University Place	Pierce	1995
Edgewood	Pierce	1996
Lakewood	Pierce	1996
Covington	King	1997
Maple Valley	King	1997
Kenmore	King	1998
Sammamish	King	1999
Liberty Lake	Spokane	2001
Spokane Valley	Spokane	2003

Appendix D: Number of Local Governments by County, 2007

<u>County</u>	<u>Number of Cities**</u>	<u>Number of Special Districts*</u>
Adams	5	29
Asotin	2	8
Benton	5	42
Chelan	5	50
Clallam	3	23
Clark	7	36
Columbia	2	12
Cowlitz	5**	38
Douglas	6**	28
Ferry	1	15
Franklin	4	20
Garfield	1	6
Grant	14	61
Grays Harbor	9	36
Island	3	41
Jefferson	1	26
King	39**	90
Kitsap	4	40
Kittitas	5	29
Klickitat	3	31
Lewis	9	45
Lincoln	8	21
Mason	1	33
Okanogan	12**	42
Pacific	4	32
Pend Oreille	5	23
Pierce	23**	61
San Juan	1	20
Skagit	8	68
Skamania	2	15
Snohomish	20**	70
Spokane	13	50
Stevens	6	19
Thurston	7	30
Wahkiakum	1	17
Walla Walla	4	43
Whatcom	7	71
Whitman	16	39
Yakima	14	40

*Special districts in more than one county are listed under each county.

** Cities with boundaries that overlap into two or more counties are listed under each county.

Appendix E: History of Number of Local Government Entities

Year	Cities	Counties	Special Districts*
1889	32	34	N/A
1900	82	36	N/A
1919	177	38	N/A
1920	200	39	N/A
1930	213	39	N/A
1940	218	39	N/A
1950	237	39	644
1960	261	39	867
1970	265	39	1021
1980	265	39	1130
1990	268	39	N/A
2000	279	39	N/A
2007	281	39	1345

* Excludes schools

Source: Office of Financial Management, *Washington State Data Book*, p 277, MRSC

Appendix F: Highlights of State Constitutional Provisions Regarding Local Governments

Art., Sec.	Digest of Provisions, Changes, and Implications
II, 28	Prohibits special laws to an individual local government. Not special laws to permit a city incorporation or change existing county boundaries
VII, 1-4	Originally provided for property to be taxed by uniform assessments and rates, including corporate property. Amended in 1929, 1944, and 1972 to require uniformity within classes of property and to limit annual taxes by taxing districts (except public ports and PUDs). Limited first to 40 mills (1944) at 50 percent assessed value and then to 1 percent of 100 percent assessed value (1972). An additional levy may be authorized by 60 percent vote of 40 percent of voting total at last general elections.
VII, 9	Permits cities and towns to make local improvements by special assessment.
VIII, 6	Limits counties, cities, towns, school districts, and other municipal corporations from incurring debt exceeding 1.5 percent of their taxable property without approval by three-fifths of their voters
VII, 7	Prohibits any county, city, town, or other municipal corporation from giving or lending money or credit to any private person or corporation except for necessary support of poor and infirm
XI, 1-3	Recognizes existing counties; limits change of county seats and conditions under which new counties may be formed.
XI, 4	Directs Legislature to establish uniform system of county government and allow establishment of townships. Amended in 1948 to authorize counties to frame “home rule” charters; King, Snohomish, Clallam, Whatcom, Pierce, and San Juan have done so successfully.
XI, 5	Directs Legislature to provide for elections of various county officials and to classify counties by population in order to define officers’ responsibilities and salary levels. Amended in 1924 to permit combining of offices, and in 1972 to allow county boards to set salaries.
XI, 10	Directs Legislature to provide for incorporation of cities only by general laws, which are to control previously incorporated cities. The Legislature is authorized to classify towns and cities by population for purposes of defining officers’ responsibilities and salary levels according to size and probable work loads; the term “town” is applied to municipalities of the fourth class. Cities with 20,000 or more population (Seattle and Tacoma in 1889) are authorized to frame charters on their own “home rule” government. Amended in 1964 to reduce the minimum population to 10,000.
XI, 11	Authorizes “any county, city, town or township to make and enforce within its limits all such local police, sanitary and other regulations as are not in conflict with general laws.” It is sometimes argued that this section seeks to grant full “police power” (the power to legislate broadly for the protection of health, safety, and welfare) to such local governments.
XI, 12	The Legislature is authorized to vest in the corporate authorities of counties, cities, towns or other municipal corporations the power to assess and collect taxes for their own use. This has been taken to mean that such units do not otherwise hold the power to tax. The state cannot impose taxes on local governments for local government purposes.
XI, 16	Permits the formation of combined city-county, and expands taxing and debt powers of such entities. This section was added in 1948 for King County but did not provide enabling language, and amended in 1972 to enable any county to elect freeholders to create a charter for a combined city-county.

Appendix G: A History of Major Constitutional Amendments and State Legislation for Towns, Cities, and Counties from Statehood to 2007

Year	Structure	Function	Revenue
1890	RCW 35.01 sets up general laws for organization, classification, incorporation and government structure of municipal corporations. RCW 36.13 classified counties into 29 classes based upon population. (In 1919 counties reclassified into nine classes).	RCW 35.22, 35.23, 35.24 and 35.27 enumerates functions for each of the four classes of cities and towns. (RCW 36.32 enumerates functions for county commissioners – these are based upon 1854 statutes and were not changed in 1890 although changes were made in other years prior to statehood.)	RCW 84.52 permits use of property tax for state and local government entities and sets total millage rate at 24. Cities could levy their own property tax up to 1 percent for general purposes (and another 1 percent for bond indebtedness). Cities also had the power to levy taxes on businesses and utilities through their licensing powers and to levy special assessments on property specially benefited.
1901		RCW 27.12.030 permits cities and counties to run public libraries.	
1921			RCW 46.68 provides counties and cities a portion of the state motor fuel tax to maintain primary roads.
1923			RCW 36.40 required counties to adopt a formal budget procedure.
1924	Constitutional Amd. 12 permits county consolidation of offices.		
1932			RCW 84.52.050 (I-64) limits property tax levies to 40 mills. Reenacted every two years until 1944 when placed in constitution.
1933		RCW 77.04 (I-62) creates state Department of Game and removes county role in managing game. RCW 66.08 creates state liquor board to control sale of liquor (formerly a local government function until Prohibition).	RCW 46.68 diverts part of the state gas tax to counties and first class cities for road construction.
1935	RCW 41.08 created a civil service system for firefighters in cities with fully paid fire departments. (First civil service system mandated by state).	RCW 35.63 authorizes the formation of city, county, or regional planning commissions for the purposes of municipal planning and regulation of private development (marks the beginning of legislative recognition of zoning).	

Year	Structure	Function	Revenue
1937	RCW 41.12 created a civil service system for police officers in cities with fully paid police offices.	Title 47 Legislature adopts a comprehensive highway code and formalizes the interrelationships of the road program between state, county and city. RCW 36.68 authorizes counties to run park facilities.	
1939		RCW74.04.040 authorizes state to assume major responsibility from county for administering public assistance (this trend began in 1933 at the height of the Depression and is completed in 1951 when the state assumes the earmarked millage for public assistance).	RCW 70.12.015 authorized an earmarked 0.4 of a mill for public health in counties.
1943	RCW 35.18.010 authorizes first class cities to adopt a council manager plan of government.	RCW 36.58.020 authorizes counties to operate solid waste disposal sites.	RCW 35.21.280 and 36.38.010 permits cities and counties to charge an admissions tax.
1944			Constitutional Amd. 17 limits property tax levies to 40 mills. Assessed valuation shall be 50 percent of true and fair value.
1947			RCW 84.52.010 guarantees full levy rates of property tax to state, county city, school districts and county road districts.
1948	Constitutional Amd. 21 permits counties to adopt home rule charters through voter approval. Constitutional Amd. 22 permits county officers to hold more than two terms of office.	Constitutional Amd. 23 permits Seattle and King County to consolidate through voter approval. (No enabling legislation provided.)	
1949	RCW 70.08 authorizes combined city-county health department for cities over 100,000.		
1951			RCW 84.52 state assumes two mills of property tax for public assistance from the county.
1957		RCW 35.81 authorizes cities to undertake urban renewal projects.	
1958	RCW 41.14 (I-23) establishes a civil service system for county sheriff employees.		
1959			RCW 36.70 authorizes planning function for county and regional bodies. Recognized the need for counties to become more involved in land use planning and regulation.

Year	Structure	Function	Revenue
1963			RCW 36.36.400 authorizes counties to create park and recreation service areas to finance services.
1964	Constitutional Amd. 40 permits cities of 10,000-20,000 population to form their own charters. (Originally only cities of 20,000 or more could form their own charters.)		
1965			RCW 36.67.510 authorizes counties to issue revenue bonds for general purposes.
1967	<p>RCW 35A extends broad powers of self-government to non-charter cities, previously offered to only first-class cities. Eliminates the need of the city to function based on a particular class definition. (Optional Municipal Code)</p> <p>RCW 70.94 authorizes counties to set up regional air pollution control bodies. (Clean Air Act)</p> <p>RCW 35.14 permits creation of community municipal corporations when a service area which is a city or could be a city is annexed to a larger city. This community municipal corporation has the power to review, approve or deny land use controls or zoning ordinances proposed by the city they have joined.</p> <p>RCW 70.05 requires cities and towns to set up local health board if they have no other formal arrangement with the county or health department.</p>	<p>RCW 36.94 authorizes counties to operate water and sewer systems. Marks the beginning of statutory authority for counties to provide urban services. (County General Services Act)</p> <p>RCW 39.34 Interlocal Cooperation. Authorizes cities, towns, counties and some special districts to contract with each other to provide services cooperatively or individually on a regional basis. (Amended in 1975 and again in 1979 to include all entities of local government).</p> <p>RCW 36.93 establishes a boundary review board to guide and control the creation and growth of municipalities in metropolitan areas.</p> <p>RCW 70.10 encourages the provision of community and mental health services at the local level.</p>	<p>Chapter 143 p. 2278 authorized \$25 million for state general revenue sharing to cities and counties. (This appropriation was the only time the state has provided general revenue sharing funds.)</p> <p>RCW 47.26 creates an urban arterial trust account in motor vehicle fund to allocate money to cities and counties for urban arterials.</p>
1968			Constitutional Amd. 53 permits farms, timber and open space to be taxed on current rather than highest use.

Year	Structure	Function	Revenue
1969		<p>RCW 70.95 establishes a comprehensive statewide program for solid waste management, assigns the responsibility for solid waste handling to local governments, and provides basic minimum standards for such handling.</p> <p>RCW 58.17 establishes uniform statewide procedures for cities and counties to follow when land is subdivided. Public hearings must be held to review proposals to subdivide land in lots of acres or less.</p>	
1970			<p>RCW 84.34 permits open space, farm, agricultural, and timber land to be taxed on the current use rather than the highest use. Effort to preserve these classes of land rather than turn them into developments. (Open Space Act)</p> <p>RCW 84.34 permits cities and counties to levy a sales tax up to 0.5 percent (additional 0.5 percent granted in 1982). The original law contained a three year sunset provision.</p> <p>RCW 90.50 authorized \$25 million in bonds for water pollution control facilities.</p>
1971		<p>RCW 43.21 Requires local governments to determine which development projects will require environmental impact statements (State Environmental Policy Act)</p>	<p>RCW 84.55.010 limits annual increase in property tax levy to 106 percent of regular property tax levied in highest of three most recent years not including new construction. This measure significantly reduced the revenue raising capacity of local governments.</p> <p>RCW 82.14.045 permits cities, counties (and special districts in transit business) to levy up to 0.3 percent of the sales tax for transit purposes. Increased to 0.6 percent in 1980.</p>

Year	Structure	Function	Revenue
1972	Constitutional Amd. 58 permits any county to consolidate with a city (or cities). Previously it was limited to King County. Freeholder procedure included to design city/county charters. No need for enabling legislation.	Constitutional Amd. 57 permits counties (instead of legislature) to set salaries of county officers. RCW 36.01.100 permits county to run ambulance service. RCW 90.58 requires local governments to develop inventories and master plans to regulate the use of their shorelines. (Shorelines Management Act)	Constitutional Amd. 55 limits all property tax levies to 1 percent (or \$10 per \$1,000) of their true and fair value. RCW 43.83A authorizes \$225 million in bonds for waste disposal facilities.
1973			RCW 36.33.220 authorizes the county to spend county road revenues for any service, not just roads in the unincorporated area. RCW 84.52.043 limits total property tax to \$9.15 per \$1,000. This limit reduced governments' tax rate by 10 percent.
1974		RCW 36.57.020 authorizes counties to perform public transportation functions.	RCW 84.40.400 reduced over a 10 year period the amount of property assessed by excluding business inventories.
1975		RCW 35.21.766 authorizes cities to set up ambulance services. RCW 36.01.095 authorizes county to establish an emergency medical service system. RCW 36.58 authorizes county to establish a solid waste disposal system in unincorporated area.	
1977		RCW 70.48 state mandated standards for custodial care for all city and county jails. Created heavy financial burden on local governments. RCW 13.40 requires youth offenders to have some rights as adults in criminal cases; counties must establish separate juvenile incarceration facilities. RCW 70.116.040 permits county to establish critical water supply area. RCW 36.01.125 and RCW 35.21.800 permits counties and cities to establish foreign trade zones. (Tourist promotion activities granted in 1971).	RCW 27.12.360 permits cities of 8,500 or less to be annexed by library districts. (Amended in 1982 to permit cities of 100,000 or less). Enables libraries to levy taxes directly for services and to free up money in cities' general fund for other purposes. RCW 43.132 requires the preparation of fiscal notes on fiscal impact of proposed legislation on local government. RCW 70.12.015 dropped public health property tax levy earmark for counties.

Year	Structure	Function	Revenue
1979			<p>RCW 52.04.170 permits cities of 10,000 or less to be annexed by fire districts. Enables fire districts to levy taxes directly for services provided to free up general fund money for cities to spend on other purposes (amended in 1985 to 100,000 population).</p> <p>RCW 43.135 (I-62) prohibits state from mandating new program responsibilities to local governments without sufficient funding to provide said services.</p> <p>RCW 36.32.480 permits counties to collect a tax levy for EMS not subject to the \$9.15 limit.</p>
1981			Ch. 39.84 RCW authorized industrial revenue bonds.
1982		<p>Ch. 71A.14 RCW authorized counties to provide alcohol and drug abuse programs.</p> <p>Ch. 71.24 RCW authorized counties to provide mental health programs.</p>	<p>City/County tax package (Ch. 49, Laws of 1982, 1st ex. sess.)</p> <ul style="list-style-type: none"> • additional 0.5 percent of sales tax • one-quarter percent real estate excise tax authorized for capital purposes • sales tax equalization established for cities and counties • city B&O taxes limited to 0.2 percent, higher rates grandfathered in • city utility taxes on electricity, natural gas, and telephone limited to six percent; higher current rates to be ramped down over five (changed to 10 in 1983) years <p>Ch. 39.88 RCW (Community Development Refinancing Act) passed; later declared unconstitutional in <i>Spokane v. Leonard</i> 127 Wn.2d 897 (1995).</p> <p>Short-term financing in anticipation of receipt of revenues, taxes, grants, and the sale of bonds authorized. Ch. 39.50 RCW.</p>
1985			Ch. 43.155.RCW - Public Works Trust Fund established.

Year	Structure	Function	Revenue
1986			RCW 84.55.092 provided that taxing districts that levy less than the amount allowed under the 106 percent lid may “bank” that capacity for future use.
1988		Ch. 36.100 RCW authorized counties to form public facility districts.	
1989		RCW 70.96A.300-70.96A.320 authorized counties to provide developmental disability programs.	
1990	RCW 36.32.055 allowed non-charter counties with a population of 300,000 or more to expand the number of commissioners from three to five; attorney general opinion (1987) that this likely would not be constitutional; no country has done this.	Ch. 36.70A RCW (SHB 2929) - Growth Management Act (GMA) adopted.	<p>RCW 82.46.035 provided authorization for second one-quarter percent real estate excise tax for capital projects identified in a comprehensive plan.</p> <p>RCW 82.14.340 (City/County Criminal Justice Funding Act) - 0.1 percent sales tax authority for six counties (extended to all counties in 1993) to be shared with cities. Portion of the state motor vehicle excise tax to be shared with cities and counties.</p> <p>Local Option Transportation Act passed. Ch. 82.80 RCW</p> <ul style="list-style-type: none"> • Street utility authorized for cities. (Declared unconstitutional. <i>Covell v. City of Seattle</i>, 127 Wn.2d 874 (1995). • Commercial parking tax authorized for cities and counties. • Fifteen dollar license fee authorized for counties. Repealed by Initiative 776 in 2002. • Local option, voter-approved, motor vehicle fuel tax (equal to a maximum rate of 10 percent of the state tax) authorized for counties to be shared with cities. <p>RCW 82.36.020 (Ch. 42, Laws of 1990) - State motor vehicle fuel tax increase is shared with cities (0.5 cents) and counties (0.055 cents) per gallon.</p> <p>RCW 82.02.050 - 82.02.100 - GMA impact fees authorized for fire, schools, transportation, and parks.</p>

Year	Structure	Function	Revenue
1991	RCW 36.13.200 eliminated formal classes of counties.	Ch. 36.70A RCW adopted major amendments to GMA. RCW 82.14.370 authorized rural counties to receive funding for distressed counties programs (direct grants initially; later portion of sales tax, 1997).	RCW 84.52.069 increased emergency medical services levy authority from 25 cents to 50 cents per thousand dollars assessed valuation.
1993			Ch. 43.135 RCW (Initiative 601) passed, which limited increases in general fund expenditures to the sum of the increase in inflation and state population averaged over the last three years and required a two-thirds vote by the legislature for tax increases. RCW 84.52.105 authorized affordable housing levy for cities and counties of up to 50 cents per thousand dollars assessed valuation. RCW 43.72.910 (Ch. 492, Laws of 1993) Washington Health Service Act - cities give up 2.95 percent of their 8.83 percent motor vehicle excise tax distribution in exchange for counties' taking over completely the financing of public health. Effective date: January 1, 1996 (Ch. 15, Laws of 1995, 1 st sp. sess.).
1994	RCW 35.02.010 established minimum population of new cities – 1,500; third class cities eliminated (all third class became second class). Ch. 36.115 RCW authorized service agreements (never used).		
1995		Ch. 43.72 RCW (Ch. 492, Laws of 1993) - health services became sole responsibility of counties/health districts. Ch. 36.70B RCW (ESHB 1724, Ch. 347, Laws of 1995) - regulatory reform legislation.	RCW 82.14.350 authorized sales tax for jails and juvenile correctional facilities for counties (except King), subject to voter approval.

Year	Structure	Function	Revenue
1997			<p>Referendum 47 limited annual growth of the property tax levy for taxing districts with a population of 10,000 or more to the lesser of six percent or the increase in the rate of inflation.</p> <p>RCW 82.14.370 authorized sales tax of 0.04 percent in rural counties for infrastructure and economic development (amended to 0.08 percent in 1999 and 0.09 percent in 2007). Credited against the state sales tax.</p>
1999		<p>Ch. 35.57 RCW allowed cities to form public facilities districts for regional centers.</p>	<p>RCW 82.14.390 authorized sales tax of 0.033 percent to be credited against state sales tax for city and county public facility districts.</p> <p>Passage of Initiative 695 repealed the motor vehicle excise tax (MVET) and required a vote of the people on any increase in taxes or fees. (Declared unconstitutional in 2000. <i>Amalgamated Transit v. State</i>, 142 Wn.2d 183 (2000).</p>
2000			<p>Legislature repealed motor vehicle excise tax (MVET) without waiting for outcome of constitutional challenge to Initiative 695. Cities lost state-shared MVET; cities and counties lost sales tax equalization funding; cities and counties lost some criminal justice funding; counties and health districts lost their MVET funding for public health.</p> <p>Initiative 722 passed, but declared unconstitutional in 2001. <i>City of Burien v. Kiga</i>, 144 Wn.2d 819 (2001). It would have lowered the “limit factor” – the maximum increase in property taxes -- to the lesser of two percent or the increase in the rate of inflation for taxing districts with a population of 10,000 or more and two percent for districts with a population of less than 10,000. It also would have limited assessed valuation on individual properties to the 1999 assessed valuation plus the lesser of two percent or inflation.</p>

Year	Structure	Function	Revenue
2001	Section 3, Ch. 33, Laws of 2001, amending RCW 35A.06.030, authorized non-charter cities to adopt plans of government other than the three existing forms.		<p>Initiative 747 lowered the “limit factor” – the maximum increase in property taxes -- to the lesser of one percent or the increase in the rate of inflation for taxing districts with a population of 10,000 or more and one percent for districts with a population of less than 10,000.</p> <p>Ch. 39.89 RCW (Ch. 212 Laws 2001) Community Revitalization Financing passed to replace the Community Development Financing Act bill (Ch. 39.88.RCW), which was declared unconstitutional in 1995.</p>
2002		Ch. 35.61 RCW (Ch. 88, Laws of 2002) - metropolitan park district formation; making it easier for these districts to be formed.	<p>RCW 82.14.324 authorized voter-approved sales tax for emergency communications systems for counties.</p> <p>Ch. 35.81 RCW (Ch. 218, Laws of 2002) - Community Renewal Act - improved ability of cities and counties to implement economic development projects in blighted areas.</p> <p>Passage of Initiative 776 eliminated local option \$15 license fee and Sound Transit motor vehicle excise tax. The part of the initiative that applied to the Sound Transit tax was declared to be an unconstitutional impairment of contract. <i>Pierce County v. State</i>, 159 Wn.2d 16 (2006).</p>
2003			<p>RCW 82.14.450 provided for voter-approved 0.3 percent sales tax authority for counties to be shared with cities; one-third must be spent on criminal justice.</p> <p>Ch. 35.102 RCW - model B&O tax ordinance legislation required that cities use definitions tied to state definitions and mandates some administrative procedures. Effective January 2008, business taxes must provide for allocation and apportionment, resulting in a loss of revenue to cities estimated at \$23.2 million.</p>

Year	Structure	Function	Revenue
2004			RCW 84.52.135 authorized voter-approved property tax levy of 50 cents per thousand dollars assessed valuation for counties of 90,000 or less population to be used for criminal justice purposes.
2005			<p>RCW 43.08.290 - City-County Assistance Account (ESSB 6050) established to partially make up for loss of sales tax equalization by diverting a portion of state real estate excise tax from the Public Works Trust Fund.</p> <p>RCW 82.14.460 authorized county 0.1 percent mental health/chemical dependence treatment sales tax.</p> <p>Transportation funding package provided for an increase in the state gas tax of 9.5 cents per gallon spread over four years. Cities and counties each received 0.25 cents per gallon in FY 2006 and 2007. Initiative 912, which would have repealed the tax increase, did not pass.</p>
2006			Ch. 39.102 RCW established Local Infrastructure Financing Tool (LIFT) program, a version of tax increment financing, providing a limited amount of state funding in the form of sales tax credits.
2007			<p>Sales Tax Streamlining – With the passage of SSB 5089 (Ch. 6, Laws of 2007), Washington is in full compliance with the national Streamlined Sales Tax Agreement. Beginning July 1, 2008, sales taxes will be sourced to their destination rather than their origin. Cities and counties that lose tax revenue from this change will be fully compensated by funds the state receives from firms that voluntarily remit sales tax on remote sales.</p> <p>Ch. 329, Laws of 2007 amended Ch. 36.73 RCW to authorize transportation benefit districts to levy transportation impact fees and a \$20 vehicle fee without voter approval.</p>

Appendix H: Contrasts in Powers Of Cities and Counties

Structure	Cities	Counties
Formation:	1. Initiated by residents	
Governing Body:	1. Mayor-Council 2. Council-Manager 3. Commission 4. Charter cities may adopt their own governmental structure.	1. Commission 2. Charter counties may adopt their own governmental structure
Capacity to Change Form of Government:	1. Become a “code” city: adopt RCW 35A (122 code cities) 2. Adopt a charter (10 first class “non-code” cities have charters; no chartered “code” cities)	1. Adopt a home rule charter (six charter counties) 2. Consolidate with a city (none to date)
Capacity to Change Boundaries:	1. Annexation 2. Consolidation (need 10 percent or 20 percent of people in a city to petition or one of the legislative bodies to initiate and simple majority approval by voters in each city) 3. Incorporation (need 1,500 or more inhabitants to form; petition of 10 percent of voters living in area to initiate and more than 50 percent approval by voters in area)	1. Creation (need a population of at least 2,000 and may not reduce a current county to a population of less than 4,000; petition of majority of voters in area to create county)
Functions performed that are not explicitly within the powers of the unit*:	1. Firefighting 2. Generate and distribute electricity	1. Superior and district court systems 2. Coroner services 3. Public assistance 4. Broader public health services 5. Assess and collect property taxes

* The contrasts here are primarily between the cities as municipal service providers and the counties as subdivisions of state government. Counties possess many municipal-type powers, although they do not exercise them as often as cities.

Appendix I: Cities by Classification

Classes ¹ , Per RCW 35.22	Mayor-Council ²	Council-Manager ³	Commission ⁴	Total
1 st Class ⁵ (over 10,000 pop)	6	4	0	10
2 nd Class (1,500 or more pop)	15	1	-	16
Town	73	0	0	73
Code Cities ⁶	131	46	1	181
Unclassified ⁷ (Territorial Charters)	1	0	0	1
Totals	227 (80.8%)	53 (18.9%)	1 (0.4%)	281 (100%)

¹ Classification by population is established by the Legislature as a means of allocating powers, responsibilities, and salaries of municipal officers according to a city's population. They are considered "non-code" cities and operate under Title 35 RCW; first class have independent charters. When population increases beyond the threshold of the next higher class, a city may by majority vote enter that higher classification.

² The "Mayor-Council" form of government has a separately elected mayor with responsibility for the administration of city government, plus council of five to seven members, (in other than 1st and 2nd class cities, and a few code cities that have retained their former 12 member councils) depending on population, elected either at large or from a ward or district system (four-year terms).

³ The "Council-Manager" system is one in which the elected council chooses a professional city manager, who administers the city government and hires city employees subject to the council's policymaking. In most cases, the council chooses one of its members to serve as mayor, chiefly for procedural and ceremonial rather than administrative purposes. All offices are for four-year terms.

⁴ The Commission form (now in use only in Shelton) has three elected commissioners, each of whom bears responsibility for the administration for one of the three administrative areas: (public works; public safety, who also serves as "mayor;" and financial). Each serves a four-year term.

⁵ 1st class cities draft their own charters; and any city of 10,000 or more may do so.

⁶ "Code" cities are those organized under the Optional Municipal Code of 1967 (Title 35A RCW) which grants broader powers to all cities without classification. They may adopt their own charter if population is 10,000 or more.

⁷ The one "unclassified" city is Waitsburg, which never reorganized under general laws and is governed under charters granted by the Territorial Legislature.

Appendix J: History of Special Purpose Districts By Date of Enabling Legislation

NOTE: Several districts have been formed by merging two or more special districts such as "diking and drainage improvement districts." These have been deleted from this list.

Date	District	Statute (RCW)
1890	Irrigation Districts	Title 87
1895	Diking Districts	Chapter 85.05
1895	Drainage Districts	Chapter 85.06
1895	Townships	Chapter 46.08
1903	River Harbor Improvement Districts	Chapter 88.32
1907	Metropolitan Park Districts	Chapter 35.61
1909	Inter-County Diking Drainage Districts	Chapter 85.24
1911	Port Districts	Title 53
1911	Public Waterway Districts	Chapter 91.08
1913	Water Districts (domestic)	Title 57
1915	Diking, Drainage, Sewerage Improvement	Chapter 85.08
1917	Ferry Districts	Chapter 36.54
1919	Agricultural Pest Districts	Chapter 17.12
1921	Weed Districts	Chapter 17.04
1927	Reclamation Districts	Chapter 89.30
1931	Public Utility Districts	Title 54
1933	Sanitary Districts	Chapter 55.04
1933	Cemetery Districts	Chapter 68.16
1937	Flood Control Districts	Chapter 86.09
1939	Fire Protection Districts	Title 52
1939	Industrial Development Districts (Ports)	Chapter 53.25
1939	Housing Authorities	Chapter 35.82
1939	Soil Conservation Districts	Chapter 89.08
1941	Sewer Districts	Title 56
1941	County Rural Library Districts	Chapter 27.12
1945	Health Districts	Chapter 70.46
1945	Public Hospital Districts	Chapter 70.44
1945	County Airport Districts	Chapter 14.08
1947	Intercounty Rural Library Districts	RCW 27.12.090
1947	Cemetery Districts	Chapter 68.16
1957	Park & Recreation Districts	Chapter 36.69
1957	Air Pollution Control Districts	RCW 70.94.070
1957	Mosquito Control Districts	Chapter 17.28
1957	Metropolitan Municipal Corporations	Chapter 35.58
1959	Inter-county Regular Weed Districts	Chapter 17.06
1961	Flood Control Zone Districts	Chapter 86.15
1961	Irrigation Rehabilitation Districts	Chapter 87.84
1963	County Park and Recreation Service Areas	RCW 36.68.400

Date	District	Statute (RCW)
1969	Education Service Districts	RCW 28A.21.020
1979	Joint Park and Recreation Districts	RCW 36.68.420+
1980	Joint City-County Housing Authorities	RCW 35.82.300
1987	Emergency Service Communications Districts	RCW 82.14B.070
1987	Transportation Benefit Districts	Chapter 36.73
1988	Public Facilities Districts	Chapter 36.100
1992	Regional Transit Authorities (RTAs)	Chapter 81.112
1993	Rural Partial-County Library Districts	RCW 27.12.470
1994	Urban Emergency Medical Service Districts	RCW 35.21.762
1997	Public Stadium Authorities	Chapter 36.102
1999	Library Capital Facility Areas	Chapter 27.15
2002	Regional Transportation Investment Districts	Chapter 36.120
2002	City Transportation Authorities	Chapter 35.95A
2003	Ferry Districts	RCW 36.54.100-.190
2004	Fire Protection Service Authorities	Chapter 52.26

Appendix K: Counties and Cities Classified by 2007 Population

Counties

Over 1,000,000	1
350,000 – 1,000,000	4
50,000 – 350,000	16
20,000 – 50,000	8
Less than 20,000	10

Cities

Over 100,000	6
50,000 – 100,000	12
20,000 – 50,000	26
5,000 – 20,000	68
1,000 – 5,000	92
Less than 1,000	77

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⁴ Each county with a population of 50,000 or more and, until May 16, 1995 that has had its population increase by more than 10 percent in the previous 10 years, or on or after May 16, 1995 that has had its population increase by more than 17 percent in the past 10 years, and any county that has had its population increase by more than 20 percent in the previous 10 years is required to plan under the GMA. Except that counties with a population of less than 50,000 may opt out of the requirements by vote of the county legislative authority (RCW 36.70A.040(1)).

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¹¹ Ch. 82.80 RCW.

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Chapter 8

¹ Inflation was measured by the implicit price deflator for personal consumption expenditures.

² RCW 84.55.0101.

³ Ch. 2, Laws of 2000, 1st sp. sess.

⁴ Of the nearly \$175 million loss to local governments associated with the repeal of the MVET, only the public health funding of approximately \$24 million per year was eventually restored.

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