

Chapter 5 – Governance and Taxes

Introduction

Residents think of the Greater Hansville Area (GHA) GHA as an unincorporated rural area, yet it is regulated by several layers of government including Federal, State and Kitsap County.



Government has basically three components: 1) governance, i.e., making law and policy, 2) regulation or the enforcement of laws and regulations, 3) direct services such as roads, schools, policing, etc. While Federal and State governments provide many services, the services that are most visible to residents of the Greater Hansville Area are provided by Kitsap County and the special districts that serve the area.

This chapter outlines the ways in which government agencies and entities affect the GHA, and the services that directly benefit the GHA.

This chapter also discusses other elements of interest to GHA residents. First the opportunity for citizen involvement with each level of government or agency, and where citizens serve in an advisory capacity to a government agency. Second, access to information provided by each level of government, and how technology makes information more accessible.

Taxes and fees are discussed for each unit of local government that serves the area.

Finally, the chapter describes the types of organizations that exist in the GHA and discusses options for possible future “local governance”.

KEY FACTS

- The GHA is unincorporated and will remain so.
- The GHA is a small part of larger governments. There is no entity dedicated just to the GHA
- The GHA’s small size and population means it may not have a large influence on issues outside its boundaries, but agencies serving it seem very responsive to local conditions.
- Without a single entity governing it, GHA must deal with the County and six special service districts (including the Port of Eglon), and with 33 elected or appointed governing body members for its services and planning issues.
- Kitsap County, North Kitsap School District, Kitsap Regional Library and Kitsap Transit provide organized and on-going opportunities for GHA citizens to serve on advisory committees. Other agencies serving the area do not.
- Local agencies make good use of the internet to make public information about organization, mission, policies, and services available to citizens. Budget and financial information is often not available by this means.
- Property taxes on GHA properties are increasing at about the same rate or slightly slower than the county when averaged over a five year period.

- Property tax rates for the GHA seem equivalent to unincorporated areas of nearby counties. Within Kitsap County, a “typical” GHA homeowner pays more taxes than anywhere in the County except Bainbridge Island.
- The development of services, facilities and programs by the neighboring Port Gamble S’Klallam Tribe directly affects the GHA

KEY TRENDS

- Convenient access to government will increase with the development of web-based information available to homes, and increased access to broad band and other technologies within the GHA.
- Due to passage of Initiative 747 (which limits annual property tax increases without a vote to 1% per year) property taxes will grow more slowly in the future than in the past and the GHA will face more frequent property tax elections for the fire and library districts.
- The types of services provided in the GHA are not likely to change much, but the level of demand for services will increase with growth.
- Growth will bring new issues that affect the GHA.
- Increasing Ferry System rates may isolate residents and threaten cross-Sound commerce.

FOOD FOR THOUGHT

- Should GHA residents be more involved in citizen advisory committees of various local governments?
- Does the GHA have an adequate voice in Ferry System rate increase planning?
- Is the current organization of the GHA adequate to represent the concerns and desires of the GHA to outside agencies?

Federal Government

Summary

- *Passes national legislation and regulations that apply uniformly to every citizen and subordinate government.*
- *Provides “national” services such as defense, Homeland Security.*
- *Provide personal social safety net services such as Medicare, social security and others.*
- *Delegates delivery (and co-funding) of many programs to local agencies.*

Description and Impact

The federal government’s influence is pervasive in our everyday lives. Federal legislation and regulations apply uniformly to all states and set the parameters, in many cases, in which both states and local governments must operate. In cases where the federal government does not have the explicit ability to regulate behavior, it often accomplishes the same result by attaching conditions on receipt of federal funds.

Federal regulations and service programs are often implemented through lower levels of government including states, counties and cities. For example, while much of the social support network is created by the federal government, it is often delivered by either state or county

agencies. Given the socio-economic status of those in the GHA, GHA residents are less likely than others to receive direct federal services.

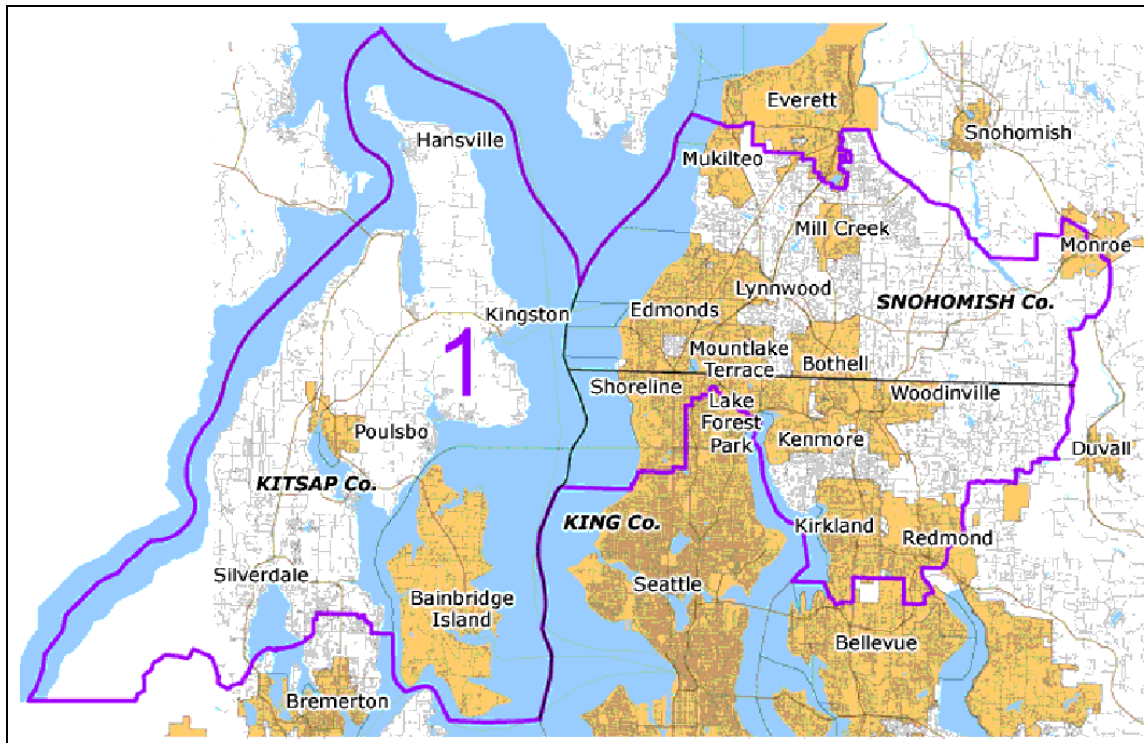
Federal agencies that have the greatest impact on the GHA deal mostly with the environment, land use and education. Decline in fish populations have led to stronger roles for federal agencies in regulating and managing wetlands and shorelands. These regulations limit the amount and nature of development that can occur in such areas. In some cases, like dredging of the Driftwood Key Marina and restoration of the Point No Point Resort Boat Launch, these regulations can make it difficult merely to continue historic activities. Designation of increasing numbers of aquatic species as endangered limits traditional use of the waters surrounding the GHA. Federal agencies involved are the Department of Environmental Protection, Corps of Engineers and the U.S. Fish and Wildlife Service.

The Federal government has initiated many new requirements that affect local schools. Most notable are the No Child Left Behind program and requirements for educating those students with special needs. The Federal Department of Education is the principal federal agency involved in these programs.

Citizen Involvement

While there is usually an opportunity for citizen input into the development of federal legislation and regulations, it is often remote and indirect due to the national scope of the topics covered. Congress may hold regional hearings on proposed legislation but it is rare for the average citizen to participate in such events. Federal agencies often make proposed regulations available for public comment prior to adoption but, again, few GHA citizens would be aware of or participate in such review. Occasionally agencies may put together advisory panels but membership is usually limited to organizations rather than individuals.

The GHA is part of the First Congressional District. In addition to one Congressperson, the GHA is represented by two Senators who represent Washington statewide. The GHA amounts to only 15% of the First Congressional District. The balance of the district represents a strange mix of areas on the other side of Puget Sound, including Kirkland and Bothell on the East side of Lake Washington and the City of Shoreline and South Snohomish County on the Sound. This means that the GHA is not likely to have a great deal of influence compared to other areas in either the Congressional or Senatorial districts.



Map of the First Congressional District, Washington State

State Government

Summary

- *Legislates and regulates solely on issues within the state.*
- *Implements federal programs delegated to states and partially or fully funded by federal government.*
- *Provides direct services applicable to all communities in state.*
- *Delegates delivery (and co-funding) for many programs to local governments; mostly counties.*

Description and Impact

State government exercises authority over everything from worker's compensation to land use in the State. The State also implements many federal programs. State government's legislative and regulatory functions are much more specific to issues and locations within the state. Residents of the GHA are affected by many state programs and laws. For example, any resident of the GHA might receive social services, unemployment insurance, or state law enforcement services. Many state residents benefit from K-12 to higher education systems funded or operated by the state. This section will deal only those with the state programs or agencies with the most direct impact on the GHA and its residents.

Probably the most significant impacts center around land use and environment (development regulations, wetlands, shorelands, water and fish), education and the ferry system.

Once again, concern for the environment, notably fish, has led to new regulations governing wetlands and shorelines. The Shoreline Management Act, passed in a 1972 referendum, was the first attempt to really regulate lands adjacent to waterways. Since then, the designation of several species of fish as endangered has led to more stringent regulation of these areas. This manifests itself when residents want to build or develop near wetlands or shorelines in the GHA. It also affects maintenance activities such as dredging of the Driftwood Key marina and the reconstruction of the Point No Point Resort.

The State Environmental Policy Act requires comprehensive environmental impact assessments for many projects in sensitive areas.

With the passage of the Growth Management Act in 1990, the State mandated passage of Comprehensive Plans by all cities and counties and provided specific direction to them about the content of such plans. A significant impact of the Growth Management Act in the Greater Hansville Area is that the minimum lot size for residential purposes increased to a five acre minimum; thus ensuring the rural nature of the area in the future.

The Department of Ecology oversees compliance with the GMA by local governments. The agency, along with the Puget Sound Action Team (PSAT), has a large impact on activities that occur both in Hood Canal and the Sound. For example, Hood Canal seems to be suffering from oxygen deprivation which kills marine life and could effectively kill the Canal if not corrected. Both PSAT and the Department of Ecology will play major leadership roles in studying this issue, involving interested parties, proposing legislation or regulation and financing some of the improvements that may be required. Since at least one significant contributor to the problem seems to be shoreline septic systems, any “cure” could affect current and future shoreline residents and communities.

The State Department of Fish and Wildlife has a very significant impact on the GHA for many residents. Of most importance is the setting of seasons and regulations for fishing, crabbing, shrimping and clamming. The agency also stocks Buck Lake.

In addition, as part of its mission to provide access to the Sound for those fishing and small boating, Fish and Wildlife purchased the Point No Point Resort with the idea of reestablishing it as a launching point. Just how the agency accomplishes this goal can have significant impact on both the local neighborhood and the broader region

The State Department of Education plays an important part in local education by setting educational performance standards and is important in implementation of the No Child Left Behind Act in Washington. The legislature plays a critical role in funding local education.

Finally, the State Ferry System, under the Department of Transportation, has a very significant impact on residents of the GHA. The ferry system seems to fill three rolls: 1) enable commerce across the sound, and 2) provide a link for local residents to recreation, jobs, business and

medical care across the Sound and 3) provide access for tourists to the Olympic Peninsula. Both the schedule and pricing strategy affect GHA residents. Since a number of local residents commute to work by ferry everyday, this becomes more than just academic for them. Finally, the ferry system (public or private) can impact local land use patterns by location of its terminals, size of boats, schedule, pricing, and the availability of passenger ferries. Increasing fees serve to isolate residents of the GHA and may impair the economic connection of the Kitsap Peninsula with the Seattle area.

Citizen Involvement

Generally the opportunity for citizen input into state agencies is only marginally better than with the Federal Government. Often, the most common opportunity will be to testify at public hearings or attend public meetings. In part, this happens because state agencies operate statewide and more extensive and personal involvement just isn't practical. Sometimes, like recent Ferry System meetings, only written feedback is accepted. On the other hand, when there is a localized issue like redevelopment of the Point No Point Resort or the threat to Hood Canal, the state agency will often provide for broader input from citizens living in the area.

The GHA is represented by two members of the Washington State House of Representatives and one Senator from legislative District 23. District 23 includes all of the tip of the Peninsula, Kingston, Poulsbo, Keyport, Bainbridge Island, and portions of East Bremerton. Because of its small, rural population, the GHA is not likely to have great influence on State legislative matters.

Local Government

Summary

- *Cities provide “governance” and many services within their boundaries.*
- *County Government provides general “governance” (i.e., laws, regulations and policies) for the unincorporated areas.*
- *Counties provide county-wide services such as elections, courts, jails and property tax system administration.*
- *Counties often deliver and administer federal and state programs at the local level.*
- *Counties deliver direct services such as law enforcement, waste management, storm surface run-off and planning to unincorporated areas.*
- *Many direct services are delivered by single purpose “special service districts” such as school districts, fire districts, transit districts and water districts.*

Organization and Impact

Kitsap County is the general purpose local government for the GHA. Kitsap County governs and regulates all unincorporated areas in the County, including the GHA. The County provides key county-wide services such as elections, courts and tax system administration. The County also provides local services such as roads, solid waste, stormwater management and law enforcement to unincorporated areas. The League of Women Voters of Kitsap County has produced an

excellent pamphlet called “Knowing your County” (December 2004) describing the County and other local service districts in the County.

Major services provided by the County that affect the GHA include Community Development (land use planning and building regulation), Sheriff’s patrol and Transportation. These three departments are critical to managing and dealing with the impacts of growth in the GHA.

The Parks and Recreation Department is especially important since Buck Lake Park, the Greenway and the Point No Point Lighthouse park are either owned or operated by the County. In addition, the County is expected to purchase the Norwegian Point and Lower Hawk’s Pond properties in the near future.

The County is governed by three partisan, directly elected Commissioners who must reside and run in a primary election in one portion of the County but be elected by all residents in the general election.

Citizen Involvement

The County, more than any government discussed in this chapter (other than perhaps the school district), provides numerous opportunities for citizen input. This is probably a reflection of both state and federal requirements and County government philosophy. It also illustrates the broad array of services that are provided by the County.

There are at least 19 advisory committees that have some impact on the GHA and are open to GHA residents as members. It is difficult to know for sure but it appears that only two GHA residents are currently members of these committees, Howard O’Brien on the Parks and Recreation Advisory Board and Jennifer White on the Developmental Disabilities Board.

In addition to Kitsap County, the GHA is served by six special service districts. Special service districts are local legal entities created for the purpose of providing a single “public service”. They can be funded by both taxes and fees and, sometimes, federal and state funds. Special Districts that serve the GHA include North Kitsap Fire and Rescue, PUD # 1 (Water), Kitsap Regional Library, North Kitsap School District, Port of Eglon, and Kitsap Transit. In addition, Central Communications (CenCom), the 911 dispatch facility, receives sales and cell phone taxes and serves the GHA through the fire district and sheriff’s office. The Kitsap Regional Planning Council, an agency created by the local governments and tribes in the County, has a direct impact on the GHA by coordinating land use planning and recommending transportation grants but levies no taxes and does not directly pass legislation or regulate.

A brief description of each local government in Kitsap County that serves the GHA is included in this chapter.

Public Information; Online Access to Government Information

Citizens require information in order to be effective in dealing with their governments. This includes information about mission and purpose, organization, finances, policies/laws and

regulations, performance and current issues. While this information is available at government offices, it is not always conveniently available and may require numerous trips and delays to obtain. The normal way that citizens are made aware of current issues is the media but the media cannot provide the kind of detailed information noted here.

The internet provides a significant opportunity for governments to make detailed information available to their citizens. With the passage of time and increased experience, governments are putting virtually every aspect of their business on the internet, making it available to citizens.

Each of the local governments serving the GHA, with the exception of the Port of Eglon, has a web page. Each of those pages was evaluated to see if certain minimum information was available. By and large, with the exception of budget and financial information, each of the pages provided a high degree of information about the government’s operations.

Topic	Kitsap County	North Kitsap School District	North Kitsap Fire and Rescue	PUD #1 (Water)	Kitsap Regional Library	Kitsap Transit District	Port of Eglon
Annual Report		X	X		X		N/A
Board Agendas	X	X			X	X	
Board Info.	X	X	X	X	X	X	
Board Minutes	X	X			X	X	
Budget	X		X				
List of Services	X	X	X	X	X	X	
Mission	X	X	X	X	X	X	
Service Area	X	X	X	X	X	X	

Port Gamble S’Klallam Tribe

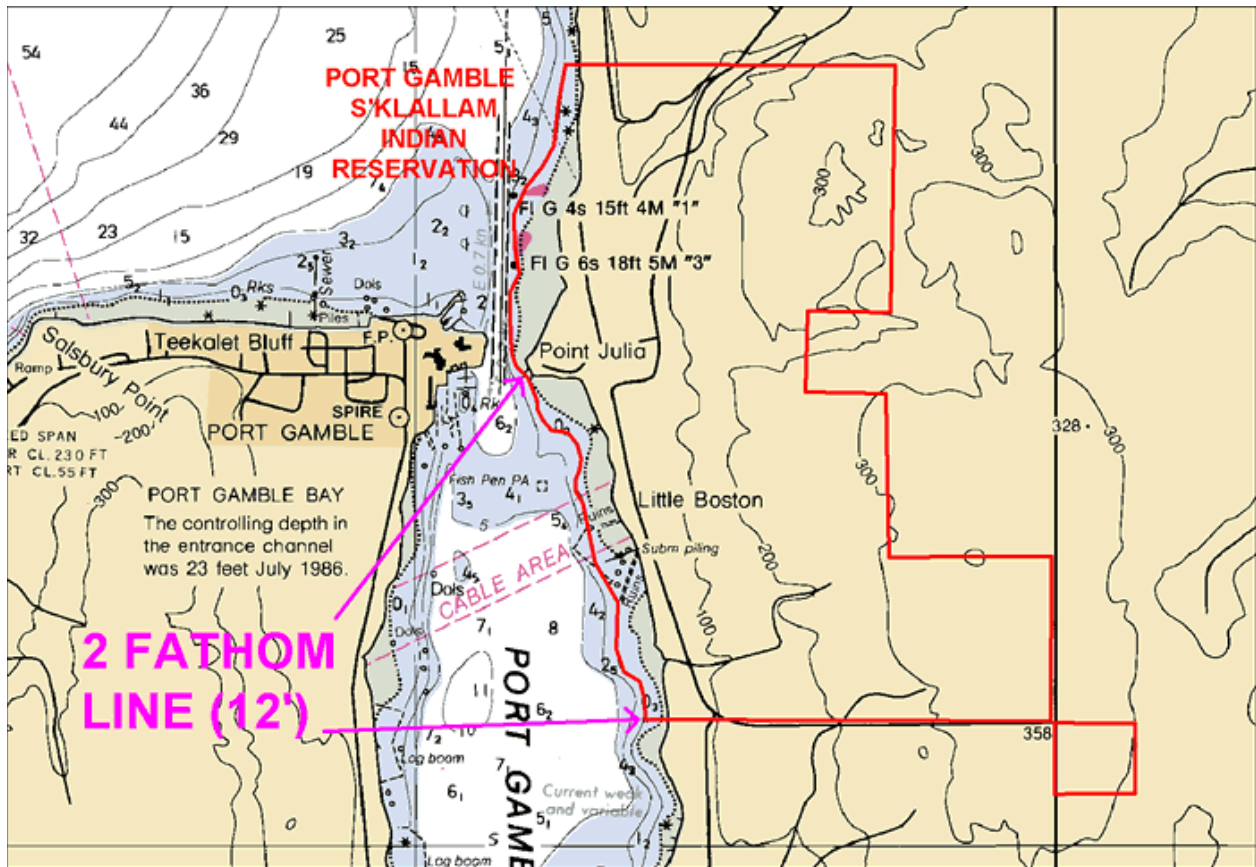
One government has a special history and relationship with the GHA. The Port Gamble S’Klallam Tribe is a sovereign nation directly adjoining the southeastern boundary of the GHA. A treaty was adopted at Point No Point in 1855 between the United States Government and fourteen villages of the S’Klallam tribe living along the Straits of Juan de Fuca and Hood Canal and into the San Juan Islands. In return for giving up claim to about 400,000 acres of their traditional lands, members of the Tribe were given 3,840 acres at the tip of Hood Canal called the Skokomish Reservation. While the Tribe gave up vast areas of land, it did insist on retaining fishing, hunting and gathering practices.

Tribal members were directed to move to the reservation soon after signing of the treaty. However, instead of moving to the new reservation, most of the S’Klallam remained in their traditional locations along the water. Eventually, the villages consolidated themselves into three locations that are the current locations of today’s three S’Klallam tribes; Port Gamble, Sequim and Jamestown near Port Angeles.

The Port Gamble S’Klallam Tribe settled in the Port Gamble Bay in the early 1800s on land formerly occupied by the Chimicums. Pope and Talbot, looking for a mill location decided that Port Gamble was the preferred site. Only problem was the S’Klallam lived there. In return for

promises of help in building homes and employment at the mill, the S'Klallam agreed to move across the Bay to Point Julia and surrounding 1300 acres. S'Klallam members worked at the mill for 150 years until its closure in 1995.

The reservation land was set aside for the S'Klallam Tribe in 1938 and remains 100% in tribal trust. No land within the reservation is privately held. Boundaries of the current S'Klallam Nation are shown below:



The Tribe is governed by a six member Tribal Council which is delegated legislative authority by the General Council.

As of September, 2004, there were 1,045 enrolled tribal members. Over 600 people reside on the reservation and 150 tribal members reside adjacent to the reservation.

The Tribe, by treaty rights retaining fishing, hunting and gathering practices, exerts significant influence over resource issues facing the GHA and surrounding areas. The Tribe is a member of the Point No Point Treaty Council that has a planning and oversight role over the water and adjacent shore on the tip of the Peninsula, including Point No Point. The Tribe is also a member of the Hood Canal Coordinating Council, along with the Skokomish Tribe and Kitsap, Jefferson and Mason Counties. Both of these groups have significant roles in planning for these bodies of water.

In addition, the Tribe has a significant role on water and watershed planning. This role extends beyond activities on the reservation to forestry and development practices outside the boundaries of the reservation that affect tribal lands and resources.

The S'Klallam are engaged in an increasing number of economic development activities that both benefit and affect residents of the GHA.

The Tribe operates both the Little Boston Hatchery which raises and releases Chum salmon and Coho salmon net pens. These not only produce salmon for native fisheries but also increase fishing opportunities for GHA residents and others.

The Point No Point Casino and Gliding Eagle Market provide eating, entertainment and convenience shopping/gasoline for residents of the GHA. The downside of these developments seems to be increased traffic on Hansville Highway and an increase in serious traffic accidents.

The Tribe has also installed broad band fiber optic communications systems. These systems improve business operations of the tribe, allow for video conferencing and will ultimately provide high speed internet connections to reservation residents. It is possible that this system could be extended to other areas of the GHA, if needed.

The Little Boston Library, operated in cooperation with the Kitsap Regional Library, was named the Best Small Library in the United States in 1999. Even though the library is located on Tribal land, the library is used heavily by residents of the GHA.

The Tribe is seeking funds to build an improved library facility as part of the House of Knowledge that will be available to tribal members and the broader public. Non-tribal residents of the GHA, including the Hansville Community Center, have contributed to fund raising for this facility. A condition of a grant for computer terminals requires the Tribe to make the terminals with high speed internet connections available to the broader public as well.

Finally, the Tribe provides cultural enrichment for GHA residents. The S'Klallam have embarked on an ambitious resurrection of tribal culture through the building of the "House of Knowledge" complex. Funding for this project will come from a number of sources. That complex will include the first Longhouse to be built in the area in over 100 years (complete) and an education center. Various events open to the public will allow exposure to this culture.

It is clear that the S'Klallam tribe has a significant direct and indirect impact on the GHA and can be an important partner in deciding the future of the area.

"Governance" in the GHA

So far, we have discussed the formal, legal governments that include the GHA. But within the GHA, what is the structure or process for bringing the "community" together to address common aspirations and common issues?

The GHA is an area with several discrete “neighborhoods” located among more rural areas. Several formal subdivisions created homeowners associations to manage common amenities and to enforce Conditions, Covenants and Regulations (CC&Rs) pertaining mostly to property uses and home design in the subdivisions. Such Homeowner Associations exist for Driftwood Key (the largest subdivision), Shore Woods (second largest), Cliffside and Point No Point View Estates. These organizations will occasionally get involved in other issues that may affect their residents such as traffic issues.

Other neighborhoods outside of formal subdivisions may have informal organizations such as the Skunk Bay Yacht Club and the Finn Creek neighborhood.

There are two Community Clubs in the GHA; the Eglon Community Club and the Hansville Community Center. Both of these organizations provide activities for residents in the area. Although not specifically within their “charters” both of these organizations are available to provide a forum for the community to come together to address issues that go beyond “neighborhood” boundaries.

The Hansville Community Center has served as a forum to bring residents together to deal with issues of common concern for many years. Examples include ‘Candidates Nights’ that have been held for over 20 years, the Point No Point Lighthouse transfer, and the Hansville Neighbors monthly luncheon. Other examples include the recent siting of standby electric generators and the redevelopment of the Point No Point Resort.

There is no mechanism for regular coordination between all of the areas within the GHA and there is no formal organization charged with bringing all parties within the GHA together to tackle common issues or speak with a common voice. The Coffee Klatch at the Hansville Grocery has historically been a regular stop for politicians and others wanting to “test the waters” on local issues.

Citizens in the GHA are heavily involved in their community. More than 20 organizations were identified in the GHA and invited to participate in this Futures Process. Significant Organizations and Interests in GHA include the following:

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|-------------------------------|-----------------------------|-------------------------|
| Better Halves | Hansville Pre-School | Flotsam & Jetsam Garden |
| Cliffside Neighborhood | Hansville Community Church | Club |
| Coffee Klatch | Hansville Youth | |
| Driftwood Key | S’Klallam Tribe | |
| Eglon Neighborhood | Hansville Community Center | |
| Ladies Aid | Shore Woods | |
| Point No Point Road | Point No Point View Estates | |
| Olympic Resources | Solitarians | |
| Hansville Arts & Crafts Guild | Thursday Breakfast Group | |
| Hansville Greenway Assoc. | Skunk Bay Yacht Club | |
| Hansville Neighbors | Hansville Area Businesses | |
| Hansville Wellness Group | Kitsap County | |
| Finn Creek Neighborhood | | |

Organizational Alternatives for the GHA

In general, there are three basic forms of “governance” in Kitsap County. First are cities which are incorporated areas that provide their own government, taxes and services. Cities in Kitsap County are Bainbridge Island, Bremerton, Port Orchard and Poulsbo. Second are rural, unincorporated areas that have no formal government other than Kitsap County. Within this category are two different types of areas; purely rural areas and Urban Growth Areas. Kingston, an Urban Growth Area, will end up with the same urban density of development as a city but without the government structure. Although Kingston has no self-government, there is a strong citizen advisory committee which is partly staffed by the County.

The GHA, on the other hand, is designated as a Rural area. Given the lack of sewers, the Comprehensive Plan requirement of five acre minimum residential lot sizes in the future and the lack of extensive commercial areas, it is unlikely that the GHA would ever be anything other than just a Rural area.

Prospective cities must demonstrate a financial ability to “support themselves” and the GHA could never meet this test. Recent studies of the Suquamish area have cast doubt on the ability of that area to support itself as a city and it is unlikely that Kingston would be successful if it tried to incorporate. Silverdale, with its dense development and enormous retail base is about the only unincorporated area in the County that could be financially successful as a city if it incorporated.

As a result, there appears to be no formal government structure, other than County Government, that is available to the GHA.

In terms of an informal structure, it might be possible to have the County create an advisory committee, as it has in Kingston, to bring all the parties in the GHA together to plan for common needs. However, it is unlikely that the County could afford the staff resources to do this for every unincorporated rural area in the County that might like it.

So it seems there are really only two options for organization in the GHA. The GHA can continue to basically remain unorganized and respond on a neighborhood by neighborhood basis to issues that come up. This will not allow the entire area to respond to or plan in advance of issues that are of GHA wide interest such as transportation issues, public safety concerns or proposed significant developments that would affect the area.

The other option is for residents in the GHA to either designate an existing organization or create some new form of informal, local “coordinating” group to deal with common issues and speak with a single voice to the County and outside agencies and developers. This would be similar to a neighborhood organization in a city where the neighborhood organizes informally and without legal structure to represent its needs.

Taxes and Fees

Taxes and fees are always issues for citizens. They can be of special interest to those on fixed incomes. Growth can contribute to increased taxes and fees in two ways. First, if property values increase unequally some property owners can end up paying a higher share of total county property taxes than others.

Second, increased growth means that the demands for public services increase. Governments can respond to those needs by increasing productivity or increasing their capacity to serve, including adding staff. This can mean increased taxes and increased fees. For example, water rates can go up as the district has to find new sources or increases fees to encourage conservation.

Initiative I-747 reduced the ability of government to raise property taxes without a vote of the people from 6% per year to 1% per year. Historically, this non-voted adjustment was intended to recognize that government, like its citizens, had to keep up with inflation. The 6% increase was adequate in some years. The new 1% limit is inadequate in virtually every year.

To compensate for serving new growth, the value of new construction is added to a government's tax base.

The combination of the two factors means that property taxes raised by local government have automatically increased by 3-4% in recent years. This is a significant reduction from the "old days" when taxes might have increased as much as 9-10% over the same period.

This means that governments that rely mostly on property taxes (the fire district and library district) will have to go to voters more frequently than in the past. It also means that property taxes should grow more slowly in the future unless voters approve property tax increases.

Increased property taxes can be especially troublesome for those on limited incomes who have lived in their home for extensive periods of time. Over time, property taxes increase – often faster than the fixed incomes of retirees. Data in this document suggests that residents of the GHA are somewhat better off than residents of the rest of the County – both in terms of income and housing costs as a percent of income

However, as both taxes and assessed values increase, those living in a home over an extended period and with a "fixed" income can become "asset rich" and cash poor. In some cases, this has forced residents to move to avoid the taxes. Fortunately, there are income-based state tax relief programs for seniors and disabled persons that can reduce a portion of each year's property taxes. For 2005, 3,421 low income and disabled County residents had their property taxes reduced by over four million dollars!

There are also income-based property tax relief programs that allow a "deferral" of property taxes for low income or disabled citizens. The deferred taxes are collected when the house is sold. The recent invention of "reverse mortgages" can assist people to tap this "asset" and remain in their homes. There is a reluctance by those who have "paid off the mortgage" to go into debt

again which keeps them from using some of these programs but should not deter use of the property tax exemption program for those who qualify.

On the other side, governments are stuck trying to meet increased needs and demands for service from residents at the same time that there is resistance to increases in taxes or fees.

The State of Washington is a major collector of both sales and property taxes. The state collects about 24% of property taxes. It collects 75.5% of sales taxes.

The only GHA local government that collects both property and sales taxes is Kitsap County.

Even though the GHA is a rural area, it is not necessarily a cheap place to live. As the table below indicates, the sales tax in the GHA is among the highest in the region for unincorporated areas at 8.6% for general retail sales. (Several counties show a range because portions of those counties are in special transportation districts (like the RTA) that increase the sales tax.)

County	Retail Sales Tax (%)
Clallam	8.3
Clark	7.70
King	8.40 to 8.8
Kitsap	8.60
Jefferson	8.3
Mason	8.30
Pierce	7.8 to 8.8
Snohomish	7.6 to 8.9

This is significant for two reasons. First, the sales tax can be regressive, consuming a greater proportion of net income from low income residents than their more affluent neighbors. Second, tax rates in general affect the region’s ability to attract economic development.

But how do property taxes in the GHA compare to property taxes in cities in Kitsap County? The table below shows this comparison.

Jurisdiction	PT Rate	Typical Home Value
GHA*	\$12.23	\$221,730
Bainbridge Island	\$10.88	\$368,860
Bremerton	\$13.38	\$114,150
Port Orchard	\$11.11	\$128,860
Poulsbo	\$13.00	\$192,590

Source: Kitsap County 2005 Statement of Assessments

* Home value is for "North Kitsap Unincorporated" areas which include Kingston and other areas. It may not precisely reflect the GHA values but is r

The ‘Typical’ homeowner in the GHA would pay more in property taxes than in any of the cities except Bainbridge Island. This is a result of higher home values and the tax rate. On the other hand, as the following table shows, over a five year period, assessed value in the GHA kept pace with or may have grown less rapidly than in the County as a whole.

Tax Year	County Assessed Value % Increase	GHA AV % Inc	North Kitsap "Typical" Home Value
2002	7.2%	12.67%	7.27%
2003	15.4%	18.58%	12.73%
2004	21.8%	19.70%	23.64%
2005	35.6%	26.92%	34.38%
2006	59.1%	51.72%	N/A

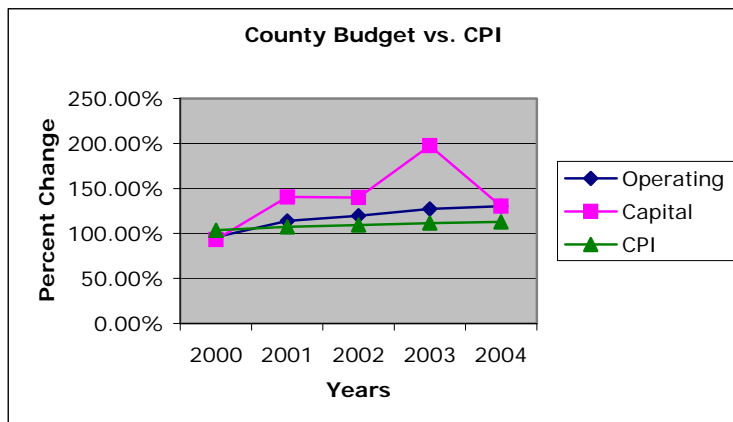
This table is somewhat confusing. On one hand, it shows that the GHA assessed value increased less rapidly than in the County as a whole. On the other hand, using information about "Typical" home values from the Kitsap County Statement of Assessments shows that actual home values in the North unincorporated end of the County actually kept pace with the County average. This difference may be because the North End and the GHA specifically, has significant undeveloped land, much of it valued for farm and forestry purposes. In any event, without more detailed information on actual home assessed values in the GHA, it seems likely that assessed values on homes in the GHA appear to have increased about the same as the rest of the County.

GOVERNMENTAL UNIT: KITSAP COUNTY

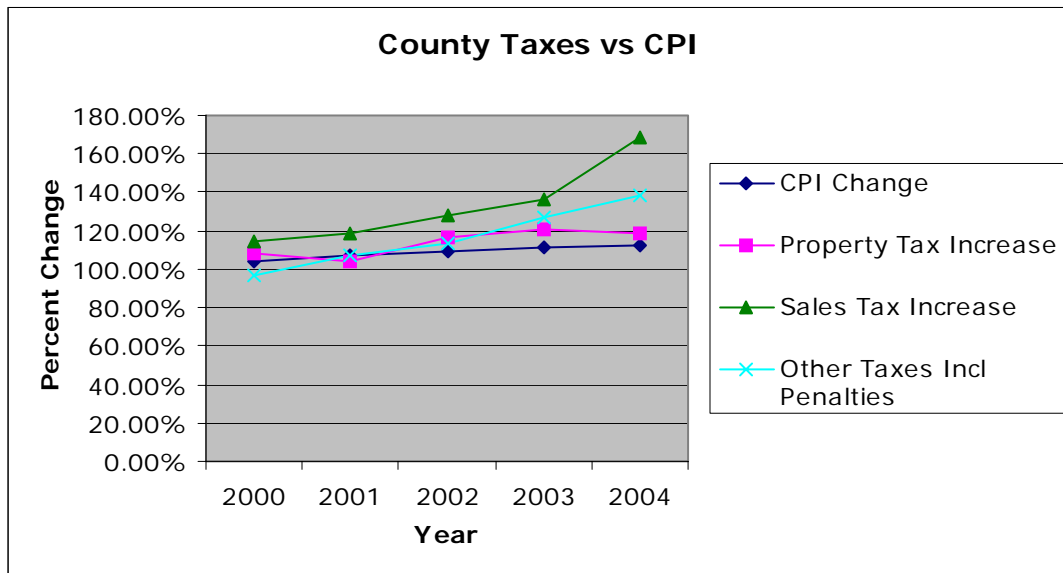
Function: Only County-wide general purpose government for Kitsap County. Limited Functions in cities and full responsibility in unincorporated areas. Does not provide services provided by special service districts. See chapter for more details.

Governing Body: Three partisan County Commissioners elected from districts; North, Central and South Kitsap County. County also has several directly elected positions such as Assessor, Clerk, Prosecutor and Sheriff.

Tax History:



The County “Operating Budget” (excludes capital and debt service) has tracked rather closely with CPI over time. The wild swings in capital expenses reflect the timing of large projects.



While property taxes have been held down by I-747, sales taxes have increased with the strengthened economy

The County levies about 25% of total GHA property taxes (including the State) or about 32% of local-only property taxes. Property taxes averaged just under 18% of the operating budget over a six year period. The County levies 15% of total sales taxes and almost 62% of the local portion of sales taxes. Sales taxes averaged about 9% of the County Operating Budget in the same six year period.

Citizen Involvement Opportunities: Extensive. Kitsap County has more than 19 Citizen Boards and Commissions to advise on and oversee various County activities. Some of these are mandated by federal or state funding programs. Organizations available to citizens in the GHA include:

- Kitsap County Arts Board
- Board of Equalization
- East Kitsap Salmon Habitat Restoration Committee
- County Fair Board
- Kitsap County Area Agency on Aging Advisory Council
- Commission on Children & Youth Advisory Board
- Council for Human Rights
- Development Disabilities Advisory Board
- Kitsap County Law Enforcement Officers and Firefighters’ Disability Board
- Long Term Care Ombudsman Advisory Council
- Kitsap County Planning Commission
- Sheriff’s Civil Service Commission

- Substance Abuse Advisory Board
- Kitsap Regional Library Board
- Noxious Weed Control Board
- Park and Recreation Advisory Board
- Kitsap Public Facilities District
- Surface & Stormwater Management Program Advisory Committee
- WA State Ferry Advisory Committee

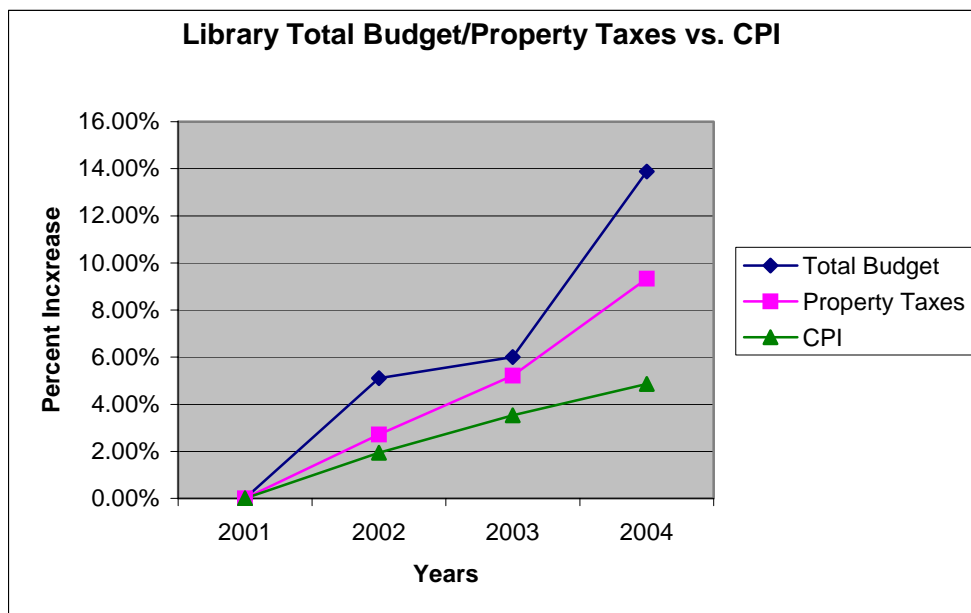
Only two GHA residents from the 98340 zip code could be identified as being members of one of these committees; Howard O'Brien on the Parks Advisory Board and Jennifer White on the Developmental Disabilities Board. There may be additional representatives from areas within the GHA but outside the 98340 zip code. Even so, it suggests that the GHA is not well represented on County Boards and Commissions

GOVERNMENTAL UNIT: KITSAP REGIONAL LIBRARY

Function: Provides library services throughout Kitsap County. The District includes nine libraries. Seven of the libraries are owned by local citizen groups, cities and one tribe. The District also operates a bookmobile and provides outreach service to those who cannot come to a library branch. Special collections are offered with large type, bi-lingual and recorded books. The District offers many educational and cultural activities at its branches. The District provides internet access to its collection and outside data sources.

Governing Body: The five-member Board of Trustees geographically representative of the county are appointed by County Commissioners.

Tax History:



The Kitsap Library levies about 3.4% of property taxes in the GHA. Property taxes were 87% of total budget over a five year period.

Citizen Involvement Opportunities: Friends of the Library, Kitsap Regional Library Foundation and membership on local boards with responsibility for locally owned library buildings

GOVERNMENTAL UNIT: KITSAP COUNTY CENTRAL COMMUNICATIONS (CENCOM)

Function: CENCOM is responsible for answering and dispatch services for all 911 and non-emergency calls for Police, Fire, Emergency Medical and Animal Control services. Serves Bainbridge Island fire and police, Bremerton fire and police, Fire District 18 (Poulsbo), Central Kitsap fire, south Kitsap fire, North Kitsap fire, Kitsap County animal control, Port Gamble police, Kitsap County Department of Emergency Management, Kitsap County Sheriff, Port Orchard police, Poulsbo police, Suquamish police

Governing Body: Representatives of User Agencies

Tax History: CenCom collects a 1/10th% sales tax and receives a portion of cell phone taxes imposed for Enhanced 911 services. The sales tax in ten months of 2004 produced \$2,777,848 for the agency. Annualized, the tax would have produced over \$3 million. The Enhanced 911 tax on all cell phone bills produced an average of \$2,123,653 over the last five years. In addition, CenCom charges fees to its member agencies.

Citizen Involvement Opportunities: None

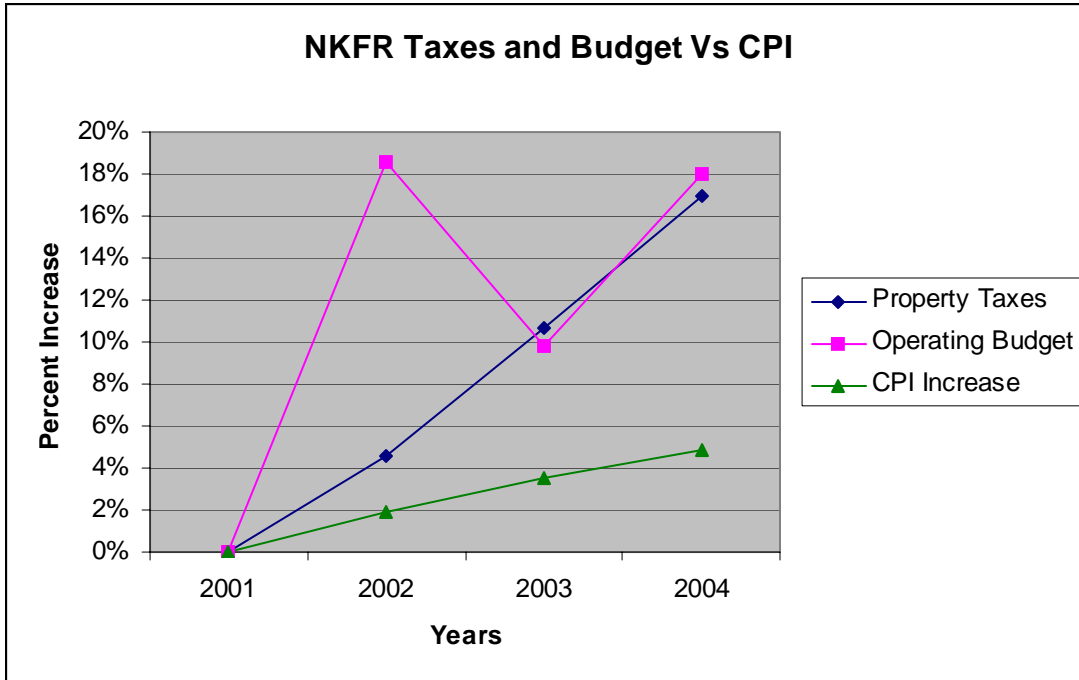
GOVERNMENTAL UNIT: NORTH KITSAP FIRE AND RESCUE (FIRE DISTRICT #10)

Function: Fire, emergency medical and disaster response; safety and disaster preparedness education.

Governing Body: Five member, at large, directly elected board.

Tax History:

The following table starts at 2002, first year of new district after consolidation with Hansville Fire District #14. Hansville voters approved a 50 cent increase for service in 1981, which was a pre-condition to consolidation and would distort annual increases if shown.



NKFR levies about 14% of property taxes in the GHA. “Other Revenues” accounted for 18% to 28% of the operating budget in years 2002-2004.

NKFR has the highest property tax rate of any rural fire district in Kitsap County in 2005. Removing the bond portion of the levy shows that the district “operating rate” is comparable to other districts. Residents of the GHA do not pay the bond portion of the District’s property tax. For 2006, the increase in the operating levy approved by voters in 2005 means that, even removing the bond portion of the levy, the district will have the highest fire district operating levy within the County

Fire District	Current Rate	2005 Total Tax Rate
Fire District # 1 Expense	1.252612	
Fire District # 1 Emerg Med	0.5	
Total Tax Rate		1.752612
Fire District # 2 Expense	0.979462	
Total Tax Rate		0.979462
Fire District # 7 Expense	1.257966	
Fire District # 7 Emerg Med	0.449171	
Total Tax Rate		1.707137
Fire District # 10 Expense	1.249572	
Fire District # 10 Emerg Med	0.463245	
Fire District # 10 Original Bond	0.336274	
Total Tax Rate		2.049091
Fire District # 18 Expense	1.235864	
Fire District # 18 Emerg Med	0.447706	
Total Tax Rate		1.68357

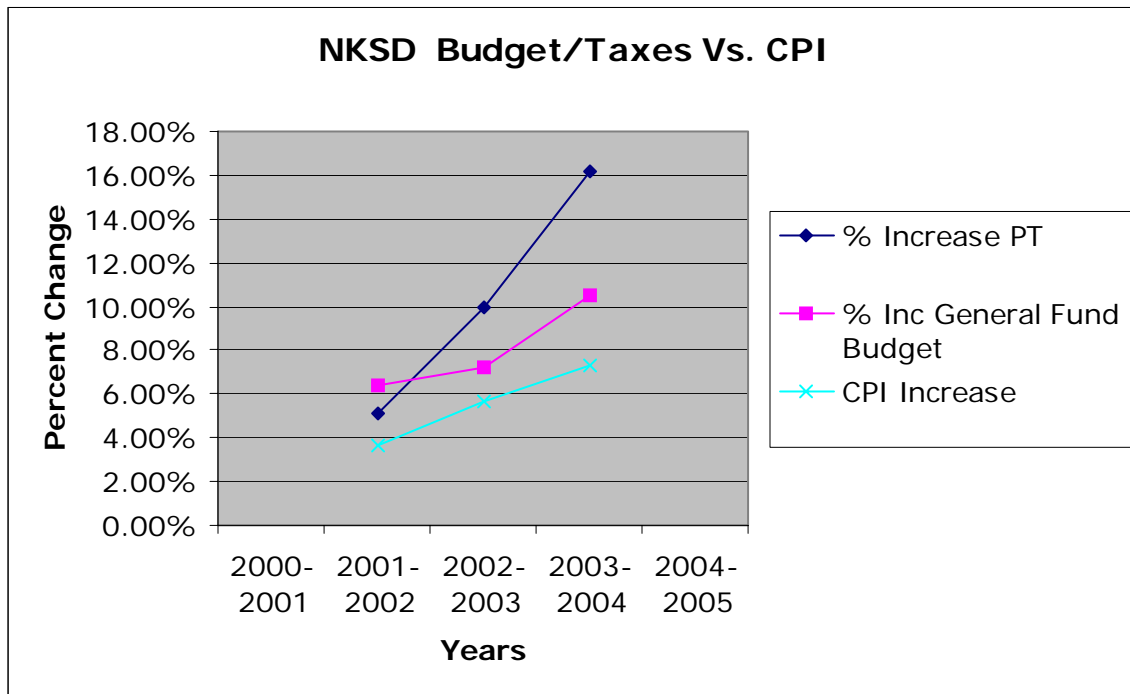
Citizen Involvement Opportunities: No citizen advisory opportunities. There are opportunities to volunteer. Four residents of the GHA volunteer for the district.

GOVERNMENTAL UNIT: NORTH KITSAP SCHOOL DISTRICT

Function: Provide kindergarten through high school education to residents of the district.

Governing Body: Five members who must reside in specific districts but are elected district-wide.

Tax History:



The property tax rate for the NKSD ranked 3rd of five districts for which tax rates were available for the 2004-2005 tax year as shown below.

NKSD levies about 32% of property taxes in the GHA. Property taxes represented only 6.4% of the General Fund Budget and 9.2% of the Capital Budget in 2004-2005, reflecting support from State and Federal governments. According to the district, only 41% of the State schools property tax goes to K-12 education; down from 48% over the past 10 years.

Citizen Involvement Opportunities: The district has many on-going and temporary committees to seek citizen involvement. According to the district, four GHA residents serve on long-term committees and eleven residents have served on short-term committees this year.

GOVERNMENTAL UNIT: PORT OF EGLON

Function: Administers the Eglon Boat Launch

Governing Body: Three non-partisan Board Members elected at large

Tax History: Property tax: 17 cents per thousand in 2003 and 15 cents per thousand in 2004 and 13.563 cents per thousand in 2005. The Port’s share of local property taxes is 1.13% in the Eglon area.

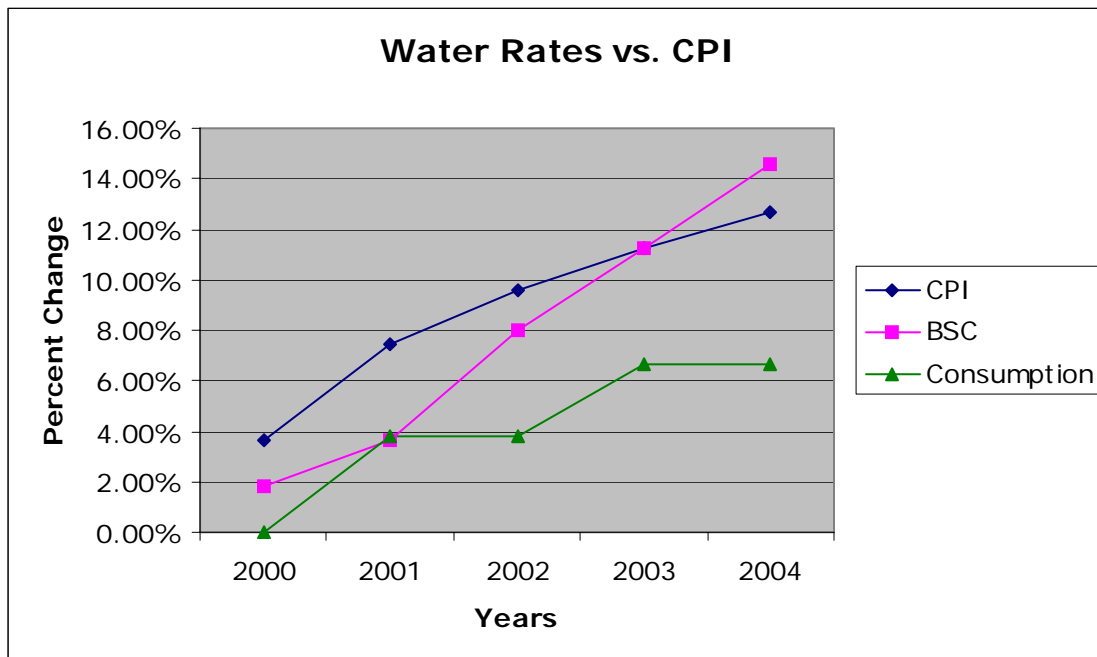
Citizen Involvement Opportunities: No formal opportunities.

GOVERNMENTAL UNIT: PUBLIC UTILITY DISTRICT #1 (WATER)

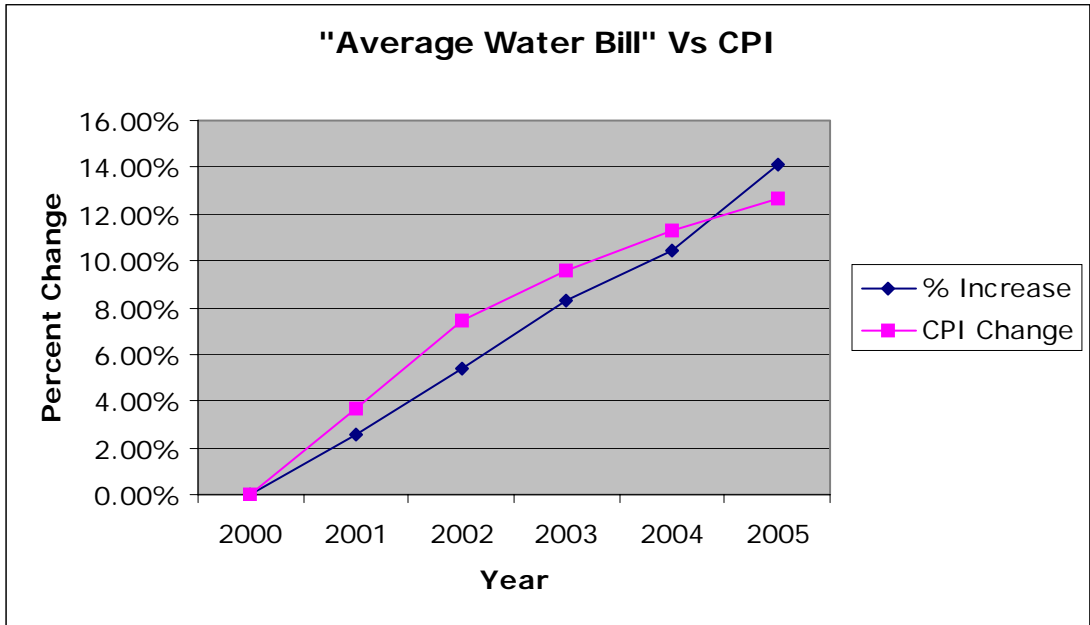
Function: Utility that provides water. The PUD has also installed fiber optic cable for data transmission and is exploring partnerships with customer communities to use that cable for internet and data access.

Governing Body: Three Commissioners elected by district. The North End Commissioner lives in the GHA.

Tax History:



The District uses both a “Basic Service Charge” (BSC) based on meter size and a Consumption charge that is graduated by the number of cubic feet of water that is consumed. The BSC pays for system availability and the consumption charge pays for water actually used. Both of these charges are increased regularly.



The district indicates that its “average” bill in 2004 was \$25 per month. Assuming the smallest meter size, this means an average monthly use of about 1000 cubic feet. Using that number, this chart compares the actual cost to the “average” household for water over the period 2000-2005 and is an attempt to “translate” rates into actual costs.

Citizen Involvement Opportunities: None

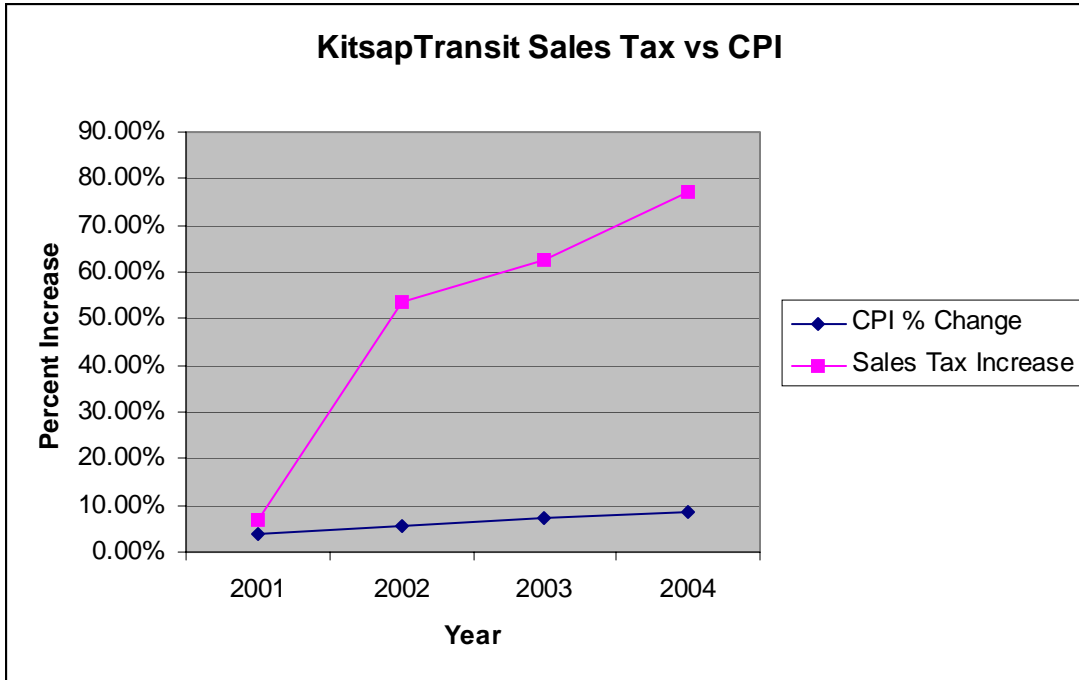
GOVERNMENTAL UNIT: KITSAP TRANSIT

Function: Provides Mass Transit Services to Kitsap County. This includes buses, commuter vans, passenger ferries, commute trip reduction, and ACCESS home pick-up for elderly and handicapped riders.

Governing Body: Nine Members. Three Kitsap County Commissioners, Mayors of all cities, two Bremerton City Council members.

Tax History:

Voters approved a sales tax increase from 5/10 percent to 8/10 percent beginning 2002 to offset losses from Initiative 695 that limited auto license fees. After passage of I-695, the District cut services and increased fares. Many of the services were restored and the fares were rolled back after passage of the sales tax increase.



Note: Large increase in 2002 was result of passage of increase in sales tax to offset losses from I-695 and restore reduced services.

Kitsap Transit levies no property taxes but does levy a sales tax which produces 98% of the district's revenues. The District levies 9.3% of the combined state and local sales taxes and 38% of just county-wide sales taxes. Other revenues for the Transit system include state and federal funds and passenger fares. Fares account for only about 7% of system revenues.

Citizen Involvement Opportunities: Eight member citizen Advisory Committee. Includes representatives from North Kitsap, South Kitsap, Bremerton/Central Kitsap, Senior Citizens, Student, Commuter, Regular transit rider, and PSNS. Advises on:

The preferred balance between the various types of service the agency offers:

- Levels of use of various services
- Quality of service
- Service costs and fare-box return ratio
- Public information and marketing programming

Other Tax Background

The table below shows the percentage share of sales tax collected by each government serving the GHA.

Government	% Tax	% Share
State	6.50%	75.58%
County Basic	0.50%	5.81%
County Optional	0.50%	5.81%
Criminal Justice	0.10%	1.16%
Jail/Juvenile Justice	0.10%	1.16%
CenCom	0.10%	1.16%
Transit Basic	0.50%	5.81%
Transit PTBA	0.30%	3.49%
Total	8.60%	100.00%

The table below shows the share of local property taxes levied by each government serving the GHA.

Government	% GHA Property Tax	% Eglon Property Tax
State	24.26%	23.99%
Library	3.44%	3.40%
NKSD	32.71%	32.34%
County General	10.72%	10.60%
County Road	14.08%	13.92%
NKFR	14.03%	13.87%
PUD #1	0.76%	0.75%
Port of Eglon		1.13%
Total	100.00%	100.00%

Property Taxes in the GHA seem about on a par with some neighboring counties. (Difficulty in accessing specific property taxes on parcels in some counties prevented more comparisons.)

County	Unincorporated Property Tax
King	12.27
Kitsap	12.203*
Pierce	13.228
<i>*Except Eglon area, which has additional 13.5 cents per thousand in 2005, for a total of 12.33. NOTE: Comparisons were with properties located in unincorporated areas of each county.</i>	

Sources of Information

Very special thanks go to Ben Holland, Director of Administrative Services, Kitsap County and Jim Avery, Kitsap County Assessor, and Maxine Schoales, Kitsap County Assessor's Office for providing information that applied to all governments in the County that was essential to this Chapter.

1. Kitsap County
 - Chris Endresen, County Commissioner
 - Ben Holland, Director of Administrative Services, Kitsap County
 - Maxine Schoales, Kitsap County Assessor's Office
2. Kitsap Transit
3. Kitsap Regional Library
4. North Kitsap Fire and Rescue
5. Public Utility District # 1 (Water)
6. North Kitsap School District
7. Web pages for all pertinent governments
8. 2000 Census
9. CenCom
10. King County Web Page
11. Snohomish County Web Page
12. Thurston County Web Page
13. Mason County web page
14. Kitsap Regional Coordinating Council
15. Kitsap Economic Development Council
16. U.S. Census
17. Kitsap Regional Library
18. Federal Government Congressional web pages
19. Port Gamble S'Klallam web page