



Financial Briefing

Highlights

- Sales tax receipts up 4.2% compared to the same period last year.
- \$3.6 million received to date from criminal justice sales tax.
- Gambling tax revenue up in 2016.
- Health insurance rate increases in 2017.
- SAO releases statewide public records study.

Revenue Update

Sales Tax received in September (for taxable sales activity from July) totaled \$1,526,503, which is 15.4% less than the City received in September of 2015. This type of decrease was not unexpected as the City received a fairly large distribution in September of 2015 related to the construction of the Trios Care Center at Southridge. Year-to-date, the City has received \$13,191,832 in sales tax, which is 4.2% more than this same time period in 2015. Sales tax received from new construction activity (growth) in 2016 continues to be a significant contributing factor to the overall results for the year.

In September, the City received \$206,328 for its portion of the voter-approved 0.3% **public safety (criminal justice) sales tax**. Under state statute, Benton County receives 60% of the total sales tax proceeds generated from this source. Cities within Benton County then share in the remaining 40%, which is allocated based on population. Including September's distribution, the City of Kennewick has now received just over \$3.6 million from this new revenue source during the biennium, which is more than initially projected for this time period.

Gambling Tax receipts through September of 2016

totaled \$646,397, which is 16% more than what was received by the City during this same period in 2015. 2015 results were artificially low due to a delinquency in tax payments by one of the City's largest gambling establishments, which has since been rectified. The City receives a 10% gambling tax on the gross revenue generated at card rooms, a 10% tax on the revenue generated from punch-boards and pull tabs after deducting the amount paid out in prizes (net revenue), a 5% tax on the net revenue generated from bingo games not conducted for non-profit purposes, and 2% of the net revenue generated from other amusement games.

Expenditure Update

Health Care Costs constitute a significant portion of the City's overall benefit costs, making up over 50% of the City's benefit expenditures. The Association of Washington Cities (AWC) Employee Benefits Trust recently notified its members of premium rates for 2017 for its Regence/Asuris and Group Health medical plans. Rates for the Regence/Asuris HealthFirst and HealthFirst 250 plans will be increasing by 4.5%, which is in line with initial projections provided by the Trust earlier in the year. And finally, premium rates for AWC's Group Health plans will be increasing by 1.2% in 2017. Although these rate increases were anticipated, the new monthly premiums will add approximately \$300,000 to the City's medical insurance costs for 2017. Fortunately, the City continues to benefit

from the hard work of our Wellness Committee and city employees to maintain our designation as a WellCity, which results in a 2% reduction to premium rates and saves the City approximately \$130,000 per year.

At the request of the Washington State Legislature, the State Auditor's Office (SAO) recently completed and released the results of a **statewide public records study**. As part of the study, a survey was conducted with local governments who reported receiving over 285,000 public records requests in the most recent year and an estimated cost of over \$60 million to fulfill those requests, plus an additional \$10 million in litigation costs associated with public records requests. It is estimated that 90% of the costs associated

with filling public record requests is the staff time needed to locate, review, redact and prepare public records for release, which in most cases cannot be recovered through fees agencies are able to charge for providing public records. In fact, the SAO study estimates that local governments only recovered \$315,000 of the \$60 million in costs associated with fulfilling public records requests in the most recent year. The Association of Washington Cities and other local government representatives continue to advocate on behalf of all local governments to make reasonable updates to the Washington State Public Records Act (PRA) to help ensure our ability to maintain open government and transparency. A summary of the study's results, as well as a copy of the full study, can be found at <http://www.sao.wa.gov>.