



REVENUE SOURCES

The Town receives various types of revenue to support its general fund operations.

Types of Revenue

- **Taxes**
- **Licenses & Permits**
- **Intergovernmental**
- **Charges for Services**
- **Fines and Forfeits**
- **Miscellaneous**

TAXES are those assessments levied for the support of the Town and include property taxes, sales tax, and leasehold taxes.

LICENSES & PERMITS are charges for the issuance of licenses and permits. Licenses are usually required for regulatory purposes such as building or development permits. These fees aid in the regulation of certain activities.

INTERGOVERNMENTAL revenues are grants, state monies, state entitlements, and payments for goods and services by one government to another.

CHARGES FOR SERVICES are those fees charged for professional services or for services rendered. In the General Fund these are the fees that accompany land use applications.

FINES & FORFEITS are penalties imposed as a result of conviction for crimes or infractions. For the Town these fines are parking violations, traffic, and other infractions.

MISCELLANEOUS revenue is a catch all for those monies not included in the other categories such as investment interest, rents, and donations.

GENERAL FUND	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 (thru 10/24) ACTUAL	2024 ESTIMATE
Taxes*	2,216,136	2,315,539	2,501,819	2,305,507	2,911,074	2,978,072	2,227,548	2,873,250
Licenses & Permits	156,826	209,262	202,025	149,731	155,425	206,637	140,644	140,900
Intergovernmental	49,500	52,782	54,622	149,546	429,411	421,539	121,548	60,050
Charges for Services	21,428	35,852	22,819	24,501	13,622	24,647	5,826	9,775
Fines & Forfeits	78,691	75,344	83,542	53,319	69,406	63,211	38,892	50,200
Miscellaneous**	17,146	41,815	48,567	41,047	15,632	43,551	225,938	61,825
TOTAL	2,539,727	2,730,594	2,913,394	2,723,651	3,594,570	3,737,657	2,760,396	3,196,000

*Does not include 25% of property taxes that are deposited directly to the Street Fund.

**2023 includes a payment for Affordable Housing Deferred Utility Connections. Will not occur again unless another development applies and is approved for the program.

TAXES

PROPERTY TAX

PROPERTY TAXES are levied based on a local ordinance and divided based on 100% of assessed valuation (AV) as determined by the San Juan County Assessor's Office. The Town can levy an increase of 1% per year plus an adjustment for new construction. By State law the Town can levy up to \$3.60 per \$1,000 of assessed valuation with voter approval for 2023. The Town's estimated 2023 levy should be .56411 per \$1,000 of the assessed valuation. On property assessed at \$400,000 the estimated annual taxes paid to the Town would be \$225.65.

THE VALUATION of the Town is reassessed annually. State law requires that assessors appraise property at 100% of its true and fair market value. As a property's assessed valuation changes, the tax rate per \$1,000 is adjusted accordingly.

25% of the property tax revenue collected is deposited directly to the Street Fund.

Property tax revenues help to support streets, police, and fire protection for the Town's residents.

- PROPERTY TAX IS 14.57% OF THE 2024 GENERAL FUND'S PROJECTED TOTAL TAX REVENUE
- 13.13% OF THE 2024 GENERAL FUND'S PROJECTED TOTAL REVENUES COME FROM PROPERTY TAXES
- APPROXIMATELY 23.78% OF THE PROPERTY IN-TOWN IS TAX EXEMPT

	ASSESSED VALUATION	TAX RATE PER/\$1,000	PROPERTY TAX LEVY
2015	443,822,386	1.08081	479,690
2016	468,536,015	1.01786	476,905
2017	479,523,577	1.01421	486,339
2018	533,266,881	0.93531	498,773
2019	581,873,854	0.87971	511,880
2020	628,233,770	0.83458	524,297
2021	672,519,438	0.80592	542,000
2022	712,883,514	0.50499	360,000
2023	834,938,980	0.56411	471,000
2024*			581,000

*Estimate

TAX LEVY RATES

TAXING JURISDICTION	2020 RATE	2021 RATE	2022 RATE
TOWN OF FRIDAY HARBOR	.84	.81	.50
SAN JUAN COUNTY	.85	.83	.76
FIRE			.42
CONSERVATION	.04	.04	.04
PORT OF FRIDAY HARBOR	.14	.13	.13
LIBRARY	.40	.38	.36
CEMETERY DISTRICT	.02	.02	.01
HOSPITAL DISTRICT (& EMS until 2021)	.77	.72	1.06
EMS			
PARKS & RECREATION	.31	.29	.39
LOCAL SCHOOL	.52	.50	.49
LOCAL SCHOOL BONDS	.34	.33	.30
STATE	2.87	2.91	2.73
TOTAL PER \$1,000	7.08828	6.94957	7.19064

SALES TAX

The Town levies a 1% local retail sales tax on goods and services purchased within the Town. Food and professional services are exempt from this tax. The State collects this tax from retailers and transmits it to the Town monthly. State law requires that 15% of the revenue generated by this tax go to San Juan County and .001% for State Administration making the Town levy .849% on every taxable dollar.

The criminal justice sales tax is an additional local tax of 0.1% for criminal justice programs. This tax is levied by the County. The distribution of this tax is based on population rather than where the tax is generated. 10% of this tax revenue goes directly to the County with the remaining 90% distributed between the County and the Town on a per capita basis.

The juvenile detention facility tax of 0.1% was approved by the 1995 Legislature for the funding of juvenile detention facilities and jails in counties with populations of less than one million. An additional 0.1% sales tax was added in April 2009 for mental health services. Both of these taxes were levied by San Juan County and are imposed countywide. These extra sales tax collections go to the County.

In mid-2012, the citizens of the Town of Friday Harbor and San Juan County approved an increase in the local sales tax levy for public safety. The Town receives 40% of the public safety tax revenue collected in the County. Per ballot title, a third of the funds received must be used for criminal justice purposes.

THE TOWN'S ANNUAL SALES TAX REVENUE IS BASED ON SALES FROM NOVEMBER THROUGH OCTOBER.

Most retailers remit their sales taxes to Department of Revenue by the 25th of each month for sales made during the prior month. Businesses are scheduled to report their sales taxes either monthly, quarterly, or annually. The Department of Revenue distributes that money to local governments on the last day of the following month after subtracting an administrative fee. This means that there is a minimum of a two-month lag between the time the taxes are collected by the retailer and when they are received by the Town.

The Town's sales tax revenue is not only generated by those businesses located within the Town proper limits. Any company who has services or sales within our Town must pay the Town's sales tax rate, including internet transactions.

The Transportation Improvement District sales tax took effect on April 1, 2015. As of October 2023, the Town has received \$2,772,425 in revenues from this tax. These funds are deposited directly to the Street Capital Fund for transportation projects.

In July 2020, a voter approved new .02% sales tax began. The Town does not receive any of these funds directly. The sales taxes earned within the Town go directly to San Juan County to be used to purchase equipment that will extend public safety communication capabilities.

SALES TAX RATES	
STATE	6.5%
CRIMINAL JUSTICE	0.1%
JUVENILE FACILITIES	0.1%
MENTAL HEALTH	0.1%
PUBLIC SAFETY	0.3%
COMMUNICATIONS	0.2%
TOWN*	1.0%
TBD (Transportation Benefit District)	0.2%
TOTAL	8.3%
*To Town	0.849%
*To San Juan County	0.150%
*To State Administrative Fee	0.001%

TOWN OF FRIDAY HARBOR SALES TAX REVENUES	
2014	812,141
2015	1,092,135
2016	1,151,827
2017	1,010,374
2018	1,298,904
2019	1,404,699
2020	1,206,962
2021	1,602,100
2022	1,721,792
2023 (thru 10/24)	1,277,896
2024 (budgeted)	1,700,000

SALES TAX (continued)

Since there is a lag time from when businesses report their sales tax and when the State distributes the sales tax, the sales tax revenue received by the Town in any given year is based on sales from November through October. Also included in the monthly calculation are refunds which may have been for payments many years ago and the collection of taxes from previous periods which may have been owed for many years. When estimating sales tax revenue, the Town must consider sales that may be a one-time only collection or generated from a large construction project. The Washington State Department of Licensing collects sales tax every time a vehicle is sold and re-licensed.

LEASEHOLD TAX

In 1976 the State established a 12% tax to be levied on leases of publicly owned real and personal property. The rate increased to 12.84% in 1987. Cities and counties combined may collectively levy up to 6% of the 12.84%. The maximum rate for cities is 4%. If a city levies this amount, then the county can levy 2% within the incorporated areas. If a city chooses not to levy this tax, the county can levy up to 6% within the city boundaries. The Town has imposed this tax since 1976 at a rate of 4%.

The largest generator of Leasehold Tax revenue within the Town is the Port of Friday Harbor who must charge leasehold tax on their permanent moorage berths, airport tie downs, and other rental property.

2021 TOWN SALES TAX REVENUE DISTRIBUTION NOVEMBER 2020 THROUGH OCTOBER 2021

	AMOUNT
REGULAR & OPTIONAL	1,602,100
CRIMINAL JUSTICE	104,484
PUBLIC HEALTH & SAFETY	947,233
TOTAL	2,653,817

SALES & USE TAX REVENUE	
2016	1,151,827
2017	1,225,100
2018	1,298,904
2019	1,404,699
2020	1,206,962
2021	1,602,100
2022	1,721,792
2023 (thru 10/24)	1,277,896
2024 (budgeted)	1,700,000

**2022 TOTAL TAXABLE
SALES & USE IN
FRIDAY HARBOR
\$192,682,525**

LEASEHOLD TAX REVENUE	
2016	77,399
2017	85,975
2018	96,615
2019	104,965
2020	121,813
2021	131,528
2022	144,096
2023 (thru 10/24)	119,039
2024 (budgeted)	130,000

LICENSES AND PERMITS

BUSINESS LICENSES

In 2019, a new State mandate began that required all businesses to renew their business licenses via the Washington State Department of Revenue (DOR) instead of directly with the Town. The State charges a fee for this service.

Several times a month DOR distributes business license renewal funds to the Town.

The Town increased its business license fee from \$42 to \$50 during this process.



BUSINESS LICENSE REVENUE

2016	30,789
2017	33,782
2018	34,539
2019	33,552
2020	38,228
2021	43,733
2022	45,846
2023 (thru 10/24)	37,683
2024 (budgeted)	40,000

*License year prorated

BUILDING PERMITS

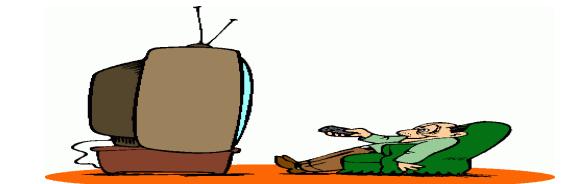
The Town collects fees for plan reviews; and building, plumbing, and mechanical permit processing. The amount of these fees is based on the value of the project.

BUILDING PERMIT ACTIVITY			
YEAR	# PERMITS	VALUATION	\$
2015	41	5,724,162	94,178
2016	70	4,919,022	101,762
2017	56	6,502,689	109,023
2018	51	10,826,394	160,909
2019	53	9,927,215	143,846
2020	43	4,928,630	78,942
2021	39	3,576,532	46,311
2022	33	7,409,594	42,743



CABLE FRANCHISES

In 1973 the Town granted a franchise for the local cable television company to construct and operate a cable system within the Town. Each year the cable company pays the Town 5% of their gross annual revenue for this franchise.



FRANCHISE TAX REVENUE

2015	10,911
2016	10,866
2017	7,164
2018	5,453
2019	4,071
2020	3,177
2021	3,510
2022	2,170
2023 (thru 10/24)	680
2024 (budgeted)	800

INTERGOVERNMENTAL

State shared revenues represent the local governments' portion of a revenue levied and collected by the State and distributed back to cities and towns in proportion to amounts collected in each jurisdiction. State entitlements are monies furnished by the State and distributed to local governments on a distribution formula based on a per capita basis or other eligibility criteria.

Most State shared and State entitlement funds earmark a certain percentage to cities and towns. These revenues are usually distributed back to cities and towns on a per capita basis.



	CRIMINAL JUSTICE SPECIAL	LIQUOR PROFITS	LIQUOR EXCISE	CRIMINAL JUSTICE POPULATION
2015	.95	8.76	2.76	.27
2016	.97	8.61	4.43	.28
2017	1.04	8.61	4.67	.31
2018	1.06	8.29	4.92	.31
2019	1.09	8.16	5.14	.33
2020	1.12	8.03	5.89	.31
2021	1.17	7.90	5.66	.33

All cities and towns are guaranteed \$1,000 in criminal justice funds no matter the size of their population.

When a new city incorporates, the per capita amount to each city or town decreases.

State entitlement funds received by the Town are Liquor Profits, Liquor Excise Tax and Criminal Justice Funds.

As long as the Town has not passed an ordinance banning marijuana sales, it will receive a small quarterly distribution of marijuana excise taxes based on population.

Distributions are based on prior year population data.

POPULATION*			
	STATE INCORPORATED	SAN JUAN COUNTY UNINCORPORATED	TOWN OF FRIDAY HARBOR
2015	4,564,371	13,965	2,215
2016	4,666,798	14,070	2,250
2017	4,752,834	14,255	2,255
2018	4,836,485	14,465	2,345
2019	4,910,909	14,730	2,420
2020 Est	4,990,690	14,850	2,490
2020 Census	5,037,556	15,175	2,613
2021	5,077,235	15,220	2,630
2022	5,156,008	15,470	2,680
2023	5,222,265	15,635	2,715

*From Washington State Office of Financial Management Postcensal Estimates
<https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

LIQUOR PROFITS & TAXES

Cities and towns are responsible for policing of liquor establishments located within their limits. State law provides that a share of the State collected profits and taxes are returned to cities and towns to help defray the costs of policing liquor establishments. Additional revenues are also distributed to border towns to enhance public safety.



CRIMINAL JUSTICE

In 1990 the State Legislature passed a bill providing funds for criminal justice purposes. Though distributed on a per capita basis each city and town are guaranteed \$1,000 annually. Referendum 49, passed by the voters in 1998, increased criminal justice funding by requiring a contribution from the State General Fund. The Town receives criminal justice funds for special programs; law enforcement contracts; and DUI programs.

	2015	2016	2017	2018	2019	2020	2021	2022	2023*	2024**
LIQUOR EXCISE TAX	6,289	10,663	11,121	11,740	13,186	15,637	17,964	18,889	15,561	15,000
LIQUOR PROFITS	15,307	15,221	15,174	14,905	15,249	15,496	15,693	16,271	11,622	16,500
MARIJUANA EXCISE			542	3,477	2,726	2,769	3,273	4,259	2,077	4,000
BORDER PATROL	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	862	1,150
CRIMINAL JUSTICE	7,186	7,347	7,245	7,397	7,862	8,371	8,990	9,603	8,371	9,200

*Thru 10/24

**Budgeted

CHARGES FOR SERVICES

REVENUES

2015	8,664	Charges for services are those fees and charges for professional services or other services rendered. In the Utility Funds these are the user fees charged for water, sewer services, etc. In the Current Fund these are the fees that accompany zoning, subdivision, and land use applications. These fees are associated with growth and development of the Town.
2016	19,405	
2017	8,450	
2018	27,269	
2019	12,166	
2020	16,373	
2021	8,408	
2022	18,950	
2023 (thru 10/24)	2,675	
2024 (budgeted)	5,775	

PLANNING PERMIT ACTIVITY									
APPLICATION TYPE	2015	2016	2017	2018	2019	2020	2021	2022	2023
SEPA	1	4	0	3	2	8	7	7	0
SITE PLAN REVIEW					5*	10	5	6	5
SUBSTANTIAL SHORELINE DEVELOPMENT (SSDP)	4	3	3	2	0	2	0	2	0
BOUNDARY LINE MODIFICATIONS	4	5	2	7	3	1	1	0	1
SIGN PERMITS					20*	6	27	23	15
PLANNED RESIDENTIAL DVL					1*	1	0	0	0
PLATS	3	3	0	4	2	2	1	2	0
REZONE	1	1	2	2	1	1	1	1	2

*New type added (eliminated Conditional Use, Variance & Subdivision because little activity reported in prior years)

FINES & FORFEITS

Fines and Forfeits are penalties imposed as a result of a conviction for crimes or infractions. For the Town, these fines are for parking violations, traffic, and other infractions. The Town contracts with San Juan County District Court to process these infractions.

The Town began time limit parking enforcement in 1983 to relieve parking congestion in the downtown area. In 2010, the Town began charging a fee for the use of parking spaces for such purposes such as construction in the downtown area.

Parking violation fees increased from \$25/per violation to \$35 in 2020.

	PARKING TICKETS FILED	PARKING REVENUE	TRAFFIC INFRACTIONS FILED	TRAFFIC INFRACTION REVENUE
2015	2,211	61,557	45	6,415
2016	2,334	58,668	132	10,405
2017	2,606	67,648	31	5,602
2018	2,296	62,749	114	7,049
2019	2,056	56,286	303	19,015
2020**	1,001	31,437	212	15,177
2021	1,594	50,920	139	12,427
2022	1,595	49,939	52	7,683
2023*	1,076	29,980	86	5,178
2024	??	40,000	??	6,000

*Revenue data through 10/24 **COVID-19 impact



MISCELLANEOUS

Miscellaneous revenue is a catch all for those revenues not included in the other categories. These revenues include investment interest. Interest income depends on money available to invest and the current interest rates. The Town also receives interest from the investment of sales tax and leasehold money held by the State.



General Fund	INTEREST INCOME	OTHER INTEREST
2015	895	822
2016	2,259	1,036
2017	3,389	1,257
2018	15,757	1,894
2019	35,727	4,420
2020	15,244	2,677
2021	1,986	1,612
2022	31,823	3,168
2023 (thru 10/24)	55,586	5,985
2024 (budgeted)	60,000	1,500

The average LGIP interest rate

❖ 2018	1.1816%
❖ 2019	2.3074%
❖ 2020	0.6368%
❖ 2021	0.1047%
❖ 2022	1.6560%
❖ 2023*	5.0406%

*thru October