

Saturday Morning Live for January 13, 2018 ~ "We're Live – We're About Liberty – We're Focused on You!"

Today's Show:

Host Kris Halterman will interview Prof. Hart Hodges on a recent study which compares the Economy of Whatcom County to other Washington State Counties, Other States, and the national trends.

LIBERTY ALERTS:

[On Tuesday, January 16th, 2018 the newly seated Whatcom County Council will select the candidate to fulfill the vacancy created with the election of Councilmember Todd Donovan to the new District 2 seat.](#)

There are currently seven candidates were selected by a previously agreed upon system by the Council Members.

1. Timothy Ballew II of the Lummi Nation, lives in Dist. 5 (received votes from Browne, Buchanan, Donovan, Sidhu, Brenner)
2. Natalie McClendon, currently seated on WC Planning, lives in Dist. 5 (received votes from Browne, Buchanan, Donovan, Sidhu)
3. Seth Fleetwood, former WC Cncl & Bham City Cncl, lives in Dist. 1 (received votes from (Brown, Buchanan, Donovan, Sidhu)
4. Patricia Dunn, consultant for Transportation Issues, WTA, lives in Dist. 5 (received votes from Byrd, Brenner)
5. Alicia Rule, Social Worker and At-large Position to Blaine City Cncl, lives in Dist. 5 (received votes from Sidhu twice)
6. Cliff Langley, Charter Review and Retired WC Sheriff's Deputy, lives in Dist. 3 (received votes from Brenner twice)
7. Carol Frazey, President of Fit School Inc., lives in Dist. 1 (received vote from Donovan)
8. Pete Kremen, former WC Executive for many years, lived in old Dist. 1 (received vote from Byrd) *Pete Kremen notified the Council that has chosen to remove his name from consideration.*

These are the '7' candidates to be studied and considered to fill the vacancy At-large position caused by the election of Todd Donovan to Dist. 2.

<http://www.co.whatcom.wa.us/1.../Regular-Meeting-Linked-Agenda>

With the last four-year + of an echo chamber in the Council Chambers it would be refreshing if they were to pick a candidate who is either middle of the road (a true independent voice) or conservative in their following of the national, state, and local laws.

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COMMON CENTS:

When the State Legislators fixed McCleary they broke their pledge to the people to keep a 1% cap on property taxes based on the State budget and changed it for 4-years to a **rate based** system. As the property values in Whatcom County and across Washington State skyrocket, will the people who own those properties be capable to continue paying the taxes on their property? And, will other taxing authorities follow suit and legislatively change the way they assess taxes to fulfill a budget without any controls on how much it can grow or shrink? *I can hear it now, “If the State can do this, why can’t We?”*

Historically, it has not been economically feasible or prudent to subject property owners to such a volatile system of taxation. How long will it take for the **People** to figure out that they’ve been shafted as the office of **OSPI** continues to demand more money from a well that might truly run dry?

Table 2. Comparison of rate- versus levy- (budget-) driven taxation systems when taxable property values are increasing

Parcel	Taxable Value		Property Tax (\$)			Net Difference (\$) (Rate-Based versus Budget-Based)
	2011	2012	2012			
			2011	Rate-Based	Levy- (Budget-) Based	
A	100,000	200,000	1,250	2,500	2,222	+278
B	100,000	100,000	1,250	1,250	1,111	+139
C	100,000	100,000	1,250	1,250	1,111	+139
D	100,000	50,000	1,250	625	556	+9
Total	400,000	450,000	5,000	5,625	5,000	+625

Rate based vs Budget based Property Tax Comparison with a strong economy in an increasing property value cycle.

Table 3. Comparison of rate- versus levy- (budget-) driven taxation systems when taxable property values are declining

Parcel	Taxable Value		Property Tax (\$)			Net Difference (\$) (Rate-Based versus Budget-Based)
	2011	2012	2012			
			2011	Rate-Based	Levy- (Budget-) Based	
A	100,000	80,000	1,250	1,000	1,212	-212
B	100,000	100,000	1,250	1,250	1,515	-265
C	100,000	100,000	1,250	1,250	1,515	-265
D	100,000	50,000	1,250	625	758	-133
Total	400,000	330,000	5,000	4,125	5,000	-875

Rate based vs Budget based Property Tax Comparison with a weak economy in a declining property value cycle.

The best way to deal with the state’s public education, economic and budgetary needs, is to first examine whether the money is being spent as efficiently as possible? Is there a need to adjust how we operate our public education business model? Does it truly need more money? If so, how much? Have you measured the results of the money that was spent during successful, previous years to our current spending and results? On a percentage, how much of the public’s money goes to each individual pupil? Not the Administrator or the Teacher or the Aides; how much is spent on each individual

student? Or, is this model simply broken? Why should the residents of this state continue to pay more if the model is broken? Are there other models out there that are working and what are they? Can we centralize administration to shrink the bloated bureaucracy and funnel that money into smaller districts and schools based on a representative model? Can we develop a model that allows public education to capitalize on technological advances for teaching in the classroom and still give each district and each school the autonomy needed to be successful? Can we centralize the funds needed and distribute them equitably throughout the state? If it truly is broken...then fix it!

*Property taxes fund more than just public education, but public education is the number-one priority of the State. This fact makes it ever more important that our economy grows faster than the fiscal needs for all our public services. If you have a declining economic model on a national scale, **which the State of Washington does**, our political leaders should question, “How did this happen and how can we fix it?”*

*You do not fix an economy by taxing the producers more. That merely **takes more money out of the economy and thus out of the pockets of the people who need it.** A growing economy is vital to a community, city, county, state, and nation to pay its public obligations. When it gets out of balance, it is incumbent upon public leaders to do the right thing to bring back that balance, to ensure that they have planned for an economy which is on a path for growth, which can flourish and sustain the needs of the people.*

Keep that dollar flowing within the hands of the people, for as long as it intrinsically can, before it is eaten up by taxes and fees.

Have our political leaders done their due-diligence to manage the finances of our nation, our state, our county, and our city...all the way down to its people? Because, that is their purpose. To lay taxes to provide for the safety and security of our community; to enable business to thrive and people to **live–work-and play** in a way that allows them to provide for their family.

*A growing economy meets the needs of a community. A shrinking economy never will. It’s time that the leadership in Olympia, Whatcom County, the City of Bellingham, and our Smaller Cities, get on board to grow this community economically. **A vibrant and rising economy will do that.***

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Introduction of Assoc. Prof. Hart Hodges:
Currently serves as Director of WWU's Center for Economic and Business Research. Ph.D. in Economics from UW. Received awards for undergraduate and graduate teaching instruction. Taught economics from 1993 – 1995 at the UPS in Tacoma, WA, and went on to serve as the natural resource damage assessment economist for the US Dept. of Interior.

Discussion is to take the data you've collected and interpret it to the listening audience:

- Study findings:
 - National unemployment trends
 - Near term vs. Long term

What is, or is not, happening here in Whatcom County vs. the King Co.?

2016 Employment Comparisons:

Whatcom vs King County 2010 to Present:

- **Government** - \$54.4k / \$70k (22.3% difference)
- **Health** – No data
- **Retail** - \$30.9k / \$74k (41.8% difference)
- **Manufacturing** - \$68.3k / \$98.3k (30.6% difference)
- **Construction** - \$59.5 / \$71k (17.2% difference)
- **Prof / Biz Svcs** - \$63.5k / \$104.3k (39.2% difference)
- **IT** - \$59.3k / \$205.0k (81.1% difference)

What is, or is not, happening here in Whatcom County / Washington State vs. Other States vs. the Nation.

What makes Whatcom County so different?

Whatcom vs King County - Largest Employers:

- | | | |
|-------------------|----|-------------------|
| • Peace Health | vs | Boeing |
| • Lummi Nation | vs | Microsoft |
| • WWU | vs | UW |
| • City of Bham | vs | Amazon |
| • BP – Ch Pt Ind | vs | King County |
| • Whatcom Cnty | vs | Starbucks |
| • Fred Meyer | vs | Swedish Hospitals |
| • Zodiac | vs | City of Seattle |
| • Alcoa-Ch Pt Ind | vs | Costco |
| • Matrix | vs | Nordstrom |

Whatcom County vs Other Counties & Seattle

Cost of Living Indexes:

The **cost-of-living index**, or **general index**, shows the difference in **living costs** between cities. The **cost of living** in the base city is always expressed as 100.

- Bellingham / Whatcom County – 115.3
- Mt. Vernon / Anacortes / Skagit Co – 109.4
- San Juan County – 143.6
- Seattle – 152.8

Fastest growing population is the State of Idaho – Why?

At the bottom of this same graph are Virginia, Nebraska, and California – Why?

Washington's population is above average across the nation, but how is it doing economically for middle-class with families?

Whatcom County has some tough issues and dramatic changes the political leadership has acted on: Hirst / Private Wells – lack of water for permitting and the pressure on Cherry Point Industries for growth. Are you concerned about the short and long-term effects to our economy and ability to absorb economic disturbances?

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Whatcom County vs King County Population Changes by Age, 2010 – 2016

- 19 and Under – Both up approx. 15 – 18%
- 20 – 30 – Whatcom down approx. 11% vs King up 18%
- 30 – 40 – Whatcom up 5% vs King up 18%
- 40 – 50 – Whatcom down 8% vs King down 3%
- 50 – 60 – Whatcom up 2% vs King up 4%
- 60 – 70 – Whatcom up 52% vs King up 24%
- 70 – 80 – Whatcom up 38% vs King up 12%
- 80 and Up – Whatcom up 8% vs King no data

Media hypes that we are overpopulating the nation, yet ½ of the US Population is concentrated in approx. what percent of the continental land base? It appears to be about less than 1%!

What are our strengths and weaknesses?

Change in nonfarm payroll from 2000 to present:

- US average up 12%
- Seattle, Anaheim CA, San Fran – Up approx. 15 – 20%
- Gary IN, Albany GA – Down approx. 3 -4 %
- Cleveland OH – Down 7%
- Youngstown OH – Down 14%

Inflation looks to have a small 1.3% spike upward from 2015 to 2016. Projection from 2016 to 2019 is an additional 0.8%...then flattens out through 2020.

It doesn't feel like inflation has been that small in Whatcom County. Costs of living for shelter and food are up, taxes are up dramatically for properties from 2016 – 2018. What's the difference in measurements?

Your report focuses on US Treasury Rates...how are these an indicator for future economic outlook?

What changes will need to take place to make and keep us competitive and growing, based on the materials you've studied and the trends they show?

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