DIVERSION

RCW 36.82.040 establishes the county road fund levy and directs the process by which all funds accruing from such levy shall by deposited and budgeted. Once funds from any source are deposited into the county road fund, RCW 36.82.020 restricts their use to only “proper county road purposes.”

HOWEVER, 36.33.220 states:

> *“The legislative authority of any county may budget, in accordance with the provisions of 36.40 RCW, and expend any portion of the county road property tax revenues for any service to be provided in the unincorporated area of the county. . .”*

RCW 36.82.040 then provides that revenues diverted by means of the above statute shall be placed in a separate and identifiable account within the county’s current expense fund.

Diversion is not without impact and it should be remembered that even with a diversion under 36.33.220, RCW 36.79.140 clearly states that:

> *“. . .Only those counties that during the preceding twelve months have spent all revenues collected for road purposes only for such purposes, including traffic law enforcement, . . .are eligible to receive funds from the rural arterial trust account. . .”*

Counties with a population of less than eight thousand and those that expend these funds pursuant to a voter-approved action under RCW 84.55.050 are exempt from RCW 36.79.140. CRAB requires counties that do divert to have the sheriff certify that all diverted revenues are used for purposes of traffic law enforcement. **Continued RAP eligibility is dependent upon the sheriff’s certification of such use.**

Those counties considering diversion of road property tax revenues to the current expense fund should consult with the State Auditor’s Office regarding their procedures for budgeting and expending such funds.

LEVY SHIFTS

A levy shift is a means of transferring revenue capacity from the county road levy to the current expense levy **without** diversion.

RCW 84.52.043 permits the current expense levy to be increased from $1.80 per $1000 of assessed valuation to a maximum of $2.475 per $1000 of assessed valuation, **provided:**

- The combination of the current expense and road levies does not exceed$4.05, and
- No other taxing district has its levy reduced due to this action

Since the allowable sum of these two senior levies remains at $4.05 per $1000 of assessed valuation, a levy shift may result in a decrease in the road levy rate.

A levy shift may be considered by some counties because it increases current expense revenue, and it may increase overall county revenue as well. This can occur because the road levy is assessed only in the unincorporated area of the county, while the current expense levy is assessed countywide, including incorporated cities and towns. Though possible, it is **uncommon** for the road department to be reimbursed for its shifted revenue losses, and for current expense to gain solely from the revenues generated from the increased extent of the assessment base. By doing so, it is possible in some counties for the current expense fund to gain an advantage without impacting the road department.

A levy shift differs from diversion in that a shift may be accomplished for any general government purpose of the county and carries no restriction which might impact RAP eligibility.

Counties who wish to consider a levy shift should investigate existing capacity within both the road and current expense levies as well as determine if there is a possibility of impacting any junior taxing district within the county.