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How Are We Doing?

A quarterly review of County finances by County Auditor F. Milene Henley First quarter 2014

Being a somewhat superstitious person, I've always been reluctant to trumpet good news. This reluctance comes across, at times, as pessimism. I'm not really pessimistic, though; I'd just rather be surprised by good news than by bad.

Which may be why, out of an abundance of caution, each year for the past three I have expressed concern, based on first quarter sales tax receipts, about the County's ability to achieve budgeted revenue. Yet each year we have achieved sales tax projections – and in 2012 and 2013, overall revenue projections – by the end of the year.

My current concern is the opposite of the last three years'. I'm worried that, by saying that we're having a good first quarter, I'll jinx the rest of the year. But (fingers crossed), here's the good news so far.

Total sales tax revenues in the first quarter of 2014 were predictably higher than in previous first quarters. After all, this is the first year in which the Public Safety Sales Tax, adopted by the voters in November 2012, has been in effect for the first quarter. But even looking at just the local option sales tax – the base 1% that the County gets – first quarter 2014 is the highest since 2008. Following a strong sales tax finish in 2013, this adds fuel to the hope that some sectors of the economy may finally be recovered.

Real estate is another sector which appears (knock on wood) to be recovering. Sales in the first quarter of 2014 were up more than 100% over the same period last year. Average prices were up barely 4%, however, as inventory continues to climb and therefore suppress prices. But the large volume generated higher-than-expected real estate excise taxes (REET) for the County. Like sales taxes, Land Bank taxes – a subset of REET – experienced their highest first quarter since 2008. REET can be used only for only capital assets, but we have enough deferred capital maintenance in the County that the capital dollars are much appreciated.

Permitting revenue in the County's Community Development and Planning Department had a truly extraordinary first quarter. This spike is easy to explain, as the March 31 effective date for Critical Areas Ordinance clearly motivated a lot of permit applications. Still, the sharp peak portends, like a found penny, more economic activity, and more revenue, to come.

Across the board, in fact, most revenue sources are starting out 2014 in fine form. One insignificant but fun little revenue source, which was up sharply in 2013 and continues

strong in 2014, is marriage license applications. The legalization of same-gender marriages in 2012 probably had something to do with that performance. Still, the dramatic uptick in marriage applications suggests much more than an economy's recovery. It suggests hope, and we can all use a little of that.

So hang a horseshoe over your door, avoid ladders and broken mirrors, hold onto four-leaf clovers and rabbits' feet, and always, always wear your lucky socks when the Mariners play. And maybe this early "luck" will stay with us all year.