About 50 people gathered at Maple Hall last week to hear La Conner Schools officials make the case for passing two levies totaling nearly $1.5 million in next month’s election.

School officials have scheduled another meeting for today at 7 p.m. at the Shelter Bay clubhouse. Most of the voters in Shelter Bay live on land that cannot be taxed by the school district. But on the La Conner side of the Swinomish Channel, where voters still pay school taxes, several people stood up at last week’s meeting to voice their frustration with the tax shift initiated by a federal court’s now locally infamous Great Wolf Lodge decision.

Many homeowners on land that is taxed by the school district saw their property taxes rise by more than 20 percent last year after the Skagit County Assessor took 931 parcels off the tax rolls and shifted the tax burden to the remaining taxpayers.

The school wants voters to approve a maintenance and operations levy of $1,195,000 for 2017 and 2018 to pay for programs such as drama, athletics, music, foreign language instruction and other enrichment programs that the state doesn’t fund.

In addition, the district is asking voters to approve an additional levy of $295,000 for technology expenditures. The district buys laptop computers for every high school student to use at school and at home and also keeps classroom technology up to date.

The new proposed levies will replace levies passed in 2012 that expire at the end of this year.

La Conner resident and bed and breakfast inn owner Kim Rubenstein said her property taxes went up by $3,500 last year when homes in Shelter Bay and in the Pull & Be Damned neighborhood came off the tax rolls, and the taxes they used to contribute went on her bill and onto the bills of the other remaining taxpayers.

She told the school officials she’s never voted against a school levy, but if the proposed levies fail, her total property tax bill will go back closer to what it used to be.

The tax shift last year created financial hardships for some people by taking away money for essentials like food and home repair, she said.

“We don’t want to say no,” Rubenstein said. “But we have to feed our families and re-roof our houses.”

In all, 10 taxpayers spoke against the levy, many asking the school district to make cuts in its budget, just as they had to do in their households.

“Some of us feel like we were being victimized by the tax shift,” Pam Church said.

Not all people who still pay taxes agree that voting down the school levies is the way to go.

Farmer Dave Hedlin, who served on the school board for 20 years, drew chuckles when he said, “Every day I thank the Good Lord I got off before Great Wolf happened.”

Hedlin was one of two people, besides school officials, who spoke in support of the levies. The other person favoring the levies is a teacher who lives in a home that is not taxed.

While Hedlin said he understands the frustrations of the people left stuck with the tax bills, he intends to support the levy requests because “this needs to be resolved at a higher level,” meaning in the state and
Resident Bob Raymond asked how underwriters for the $20 million school construction bond voters approved in February 2013 overlooked the fact that the Great Wolf Lodge case was already before the U.S. Ninth District Court of Appeals.

Five months after the bond was approved, the federal court ruled that structures built on tribal land are immune from state and county property taxes, regardless of who owns the structures. The school district’s bond attorney, Cynthia Weed, explained that for many years it was accepted practice in the state for non-tribal people who build their homes on leased tribal land to pay personal property tax on the value of the structures they own. When the bonds were issued, there was no reason to believe that would change, she said.

Even in the wake of Great Wolf, she said, the current tax debacle is not considered a risk to the school district’s ability to repay the bonds since the obligation could be shifted to the remaining taxpayers. However, she said, the court did not say there was no possible way to tax the structures owned by non-tribal members. Weed said the court ruled that assessing property tax was the wrong way to do it.

That means, she said, there could be state legislative fixes for the situation.

Weed also said that after the Great Wolf ruling, the state Department of Revenue was lobbied to produce its "Property Tax Advisory" document issued on March 31, 2014, stating that the structures on tribal land were immune from state and local property taxes. She would not say who did the lobbying. La Conner Mayor Ramon Hayes, who said he will cast a “yes” on the levies because he doesn’t want to punish the school district, quickly latched onto Weed’s statements. He said it looks like “the books were cooked before we even knew about it, and there was a legislative option right from the beginning.”

Hayes, along with school and other town officials, has been in frequent contact with state and federal lawmakers over the Great Wolf tax inequity. The state legislative session has just begun this year, and the elected officials can expect another earful from La Conner.

School Board President Rick Thompson noted that the district has pared back its levy request — asking for an amount that is actually smaller than what voters approved in 2012. The levy funding accounts for about 14 percent of the school’s budget, school officials say, and the district relies on the tax money to keep its educational programs up to par.

In asking for fewer dollars than in the last levy request, “we’re making an effort to make it more equitable for the taxpayers,” Thompson said.

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