

# Staff Report - Public Safety Sales Tax (PSST)

30 May 2024

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## Executive Summary

This report serves as supporting documentation for the Executive's request that Council enact an ordinance that places a ballot measure on the November 2024 ballot. This measure would put to the voters the ability to pass a 0.2% public safety sales tax.

### Key Points

- There is consensus that combatting violent crime and the drug epidemic will require expanding existing efforts and developing new programs to address these complex issues.
- Based on our assessment, a sales tax of 0.2% is necessary.
- If passed, this measure would support criminal justice, public health, and public safety.

## Background

RCW 82.14.450 authorizes counties to impose a sales tax of up to 0.3 percent for public safety with voter approval. By statute, at least one-third of the revenue must be used solely for criminal justice purposes (as defined in RCW 82.14.340), fire protection purposes, or both. The remaining two-thirds are unrestricted and may be used for any lawful governmental purpose but must be spent in accordance with the purpose(s) specified in the ballot measure.<sup>1</sup>

Snohomish County ran a ballot measure for a 0.2 percent public safety sales tax in August of 2016. It focused nearly exclusively on public safety and failed by a very narrow margin, with 49.87% voting for and 50.13% voting against.

## Analysis

Since 2011 Washington counties have placed a public safety sales tax on the ballot 26 times (including the 2016 attempt in Snohomish County) and 20 of those measures passed. Some specific items to note from recent results:

- In August of 2019, Spokane County overwhelmingly passed a measure for 0.1 percent for 10 years. In November of 2023, they returned to the voters asking for 0.2 percent for 30 years; this failed by a large margin (36.67% / 63.33%).
- Whatcom County placed a 0.2 percent PSST on the ballot three times before succeeding (November 2015 - Fail; November 2017 - Fail; November 2023 – Pass). They received and acted on feedback from residents, particularly those in their urban area, that a priority should be to reduce the visible impacts of street homelessness and drug use.

Whatcom County offered an opportunity to investigate recent success from a county with some demographic similarities (e.g., urban areas along I-5 and smaller cities, towns, and rural areas in the east part of the county). Members of the Snohomish County Executive Office reached out to the Whatcom County Executive Office. Some additional key takeaways from the conversation with Whatcom County:

- Their measure passed overwhelmingly in all areas of the county, urban and rural.
- Their measure focused not only on criminal justice; it included increased access to behavioral health, diverting people away from incarceration, reducing recidivism, and expanding facilities.

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<sup>1</sup> See attached excerpt from MSRC.

## Proposal

Based on numerous conversations with partner agencies and offices, along with reviews of existing assessments of behavioral health, law enforcement, and public health, we propose the following actions:

- Hire additional law enforcement officers.
  - We reviewed the recommendations of the Matrix Consulting Group's *Final Report on the Patrol and Alternative Response Study*, dated December 14, 2021.
  - In addition to deputies and police officers, we also see a need for Park Rangers to provide increased safety in our many County-owned parks.
- Provide additional resources to the Courts, Prosecuting Attorney's Office, and the Office of Public Defense.
  - Commensurate with the increase in law enforcement officers, bolstering the criminal justice system to ensure fairness, accountability, and expediency.
- Build and operate a secure withdrawal management (i.e., secure detox) facility.
  - There is a shortage of secure withdrawal management beds in Washington State. Currently there are 77 SWMS beds statewide and our closest beds are in King County; however, those beds are often in use.
  - Current policy only allows agencies transporting patients to be reimbursed for the trip to the facility, but not the return trip. This limits many agencies' willingness to travel out of area.
- Build and operate a second community resource center.
  - The Carnegie Resource Center provides multiple services to thousands of clients,<sup>2</sup> but there remains a significant need.
  - A second community resource center could double the access to a one-stop shop for resources that assist with housing, work, and health.
- Create or expand programs that reduce the visible impacts of the drug epidemic.
  - Develop a program based on successful programs already operating in Everett and Marysville that addresses graffiti in unincorporated Snohomish County.
  - Provide additional resources to remove and process the number of derelict vehicles.
- Support programs to improve the ability of our emergency medical service (EMS) agencies to respond to the complex needs of those suffering from drug addiction, to better position these agencies for future challenges, and to reduce ambulance patient offload time (APOT).
  - Support a nursing line currently being successfully piloted by Fire/EMS agencies that diverts low-acuity patients, which helps relieve pressure on our EMS agencies and can reduce the number of transports to emergency departments.
  - Provide supportive funding to expand EMS oversight; specifically, medical direction, training, certification support, and quality assurance to all EMS providers in the county.
  - Expanded EMS access to behavioral health facilities (e.g., secure withdrawal and stabilization beds) can reduce the impact on emergency departments and lower "wall" time for ambulances.<sup>3</sup> Lower wall time means ambulances are back in service faster.

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<sup>2</sup> 19,000 clients last year according to a recent media report by Fox 13

(<https://www.fox13seattle.com/news/carnegie-resource-center>)

<sup>3</sup> EMS Wall Time equals the time an EMS crew must wait and/or continue care for a patient when there is a delay in placing the patient at a facility providing a higher level of care, typically a hospital emergency department.

- Create a program to coordinate efforts designed to prevent youth from being involved in gang activity and/or committing violent crimes.
  - Law enforcement reporting shows a significant uptick in violent crime.<sup>4</sup> This is particularly true of violent crime committed by teens. Between 2021 and 2022, juvenile arrests statewide increased about 35%.<sup>5</sup>
  - Support community organizations with established experience working with people who have been, or have to potential to become, gang involved.
  - We can leverage an established framework for hospitals, law enforcement agencies, public health agencies, community groups, and others interested in violence prevention to work together and develop collaborative violence prevention strategies.<sup>6</sup>
  - Provide supportive funding to the Snohomish County CASA (Court Appointed Support Advocate) program. The CASA program serves abused and neglected children, including those subjected to violence.

## Fiscal

Per RCW 82.14.450, revenues from the tax must be shared between the County and the cities therein. When a county initiates the ballot measure, the county retains 60% of countywide public safety sales tax revenues and the remaining 40% gets distributed to the cities on a per capita (population) basis.<sup>7</sup>

In addition, the RCW specifies that the retail sale or use of motor vehicles, and the lease of motor vehicles for up to the first thirty-six months of the lease, are exempt from tax imposed under this section.

Finally, we are aware that three of our cities has already acted under this RCW. We note that the RCW contains very clear language that outlines the County's responsibilities when a city acts prior to the County; specifically, ensuring that the cumulative county and city tax do not exceed the three-tenths of one percent allowed under the RCW.

This revenue source will be used exclusively for the purposes allowed by RCW 82.14.450. Revenues will be tracked and reported as part of the biennial budgeting process.

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<sup>4</sup> *Crime in Washington, 2022 Annual Report*, Washington Association of Sheriffs and Police Chiefs

<sup>5</sup> Ibid.

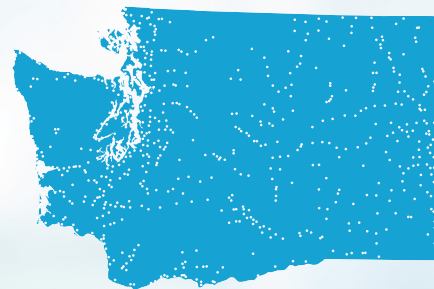
<sup>6</sup> *The Cardiff Violence Prevention Model*

(<https://www.cdc.gov/violenceprevention/fundinghub/fundedprograms/cardiffmodel/index.html>)

<sup>7</sup> See attached spreadsheet for a detailed breakdown of estimated disbursement.

## **ATTACHMENTS**

# Revenue Guide



for Washington Cities and Towns

## PUBLIC SAFETY SALES TAX

### Quick Summary

- Sales tax up to 0.1% – revenues are partially restricted; 1/3 must be used for criminal justice and/or fire protection.
- May be imposed by any city or town, but only if county has not previously imposed a 0.3% public safety sales tax.
- Revenue shared with county.
- Motor vehicle sales and first 36 months of motor vehicle leases are exempt.
- Requires voter approval.

**RCW:** [82.14.450](#)

Any city or town may impose a sales tax of up to 0.1% for public safety with voter approval ([RCW 82.14.450](#)). Motor vehicle sales and the first 36 months of motor vehicle leases are exempt. For instance, if the local sales tax rate is 8.7%, including a 0.1% public safety sales tax, the sales tax rate for motor vehicle sales and leases would be 8.6%.

Counties may also impose a public safety sales tax under the same statute, with a higher maximum rate of 0.3 percent. However, the combined city/county rate may not exceed 0.3 percent. For instance, if the county imposes a rate of 0.2% and the city imposes a rate of 0.1%, the total combined rate will be 0.3%. However, if the city imposed a 0.1% sales tax first and then the county imposes a 0.3% sales tax at a later date, the county must credit the 0.1% back to the city (effectively lowering the county's rate to 0.2% within the city) so it does not exceed the combined 0.3% rate. If the county already levies the full 0.3%, no city within the county may impose a new public safety sales tax because doing so would exceed the maximum 0.3% rate.

### Use of Revenues

At least one-third of the revenue must be used solely for criminal justice purposes (as defined in [RCW 82.14.340](#)), fire protection purposes, or both. The statute does not provide a specific definition of “fire protection purposes,” but it defines “criminal justice purposes” as:

[A]ctivities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in [RCW 70.123.020](#)

The remaining two-thirds are unrestricted and may be used for any lawful governmental purpose, but must be spent in accordance with the purpose(s) specified in the ballot measure.

### Ballot Measure Requirements

The sales tax may only be submitted at a primary or general election; it may *not* appear in any February or April special election. The ballot measure must clearly state the purposes for which the tax is to be used and must be approved by a simple majority of the voters. According to MRSC's [Local Ballot Measure Database](#), voters have approved the majority of these measures.

## Revenue Sharing

The revenues must be shared between the city and the county, but the exact formula depends on which jurisdiction (city, county, or both) placed the issue on the ballot. The county retains 60% of any countywide public safety sales tax revenues, while the remaining 40% is distributed to the cities within the county on a per capita (population) basis. If a city imposes a public safety sales tax, the city retains 85% of the revenues and must share 15% of the revenue with the county.

In addition, the Department of Revenue retains 1% as an administrative fee. Below you will find examples of a few different scenarios to help demonstrate the revenue-sharing provisions.

**Example #1.** *City imposes public safety sales tax. City receives 85% of the revenue, with the remaining 15% distributed to the county.*

Total CITY sales tax revenues	\$100,000
City receives 85%	\$85,000
County receives 15%	\$15,000

**Example #2.** *County imposes public safety sales tax. County receives 60% of the revenue, with the remaining 40% distributed on a per capita basis to the cities within the county.*

Total COUNTYWIDE sales tax revenues	\$1,000,000
County receives 60%	\$600,000
Remainder for distribution	\$400,000

Jurisdiction	Population	Percent of Incorporated Population	Remaining Revenues Distributed (% population x \$400,000)
City A	10,000	25%	\$100,000
City B	22,000	55%	\$220,000
City C	8,000	20%	\$80,000
TOTAL	40,000	100%	\$400,000

**Example #3.** *Both city and county have imposed a public safety sales tax. The same principles apply as above. The city keeps 85% of the city sales tax revenue, shares 15% with the county, and also receives a proportional share of the county's sales tax revenue based on population size. This example reflects a city imposing a 0.1% sales tax first and then the county imposing the maximum 0.3% sales tax later. The county must credit 0.1% back to the city so that the maximum rate is no greater than 0.3% within the city.*

Total COUNTYWIDE sales tax revenues at 0.3%	\$1,000,000
Total "CITY A" sales tax revenues at 0.1% <i>Imposed prior to county sales tax; county must credit back to City A</i>	\$100,000
Revised COUNTYWIDE sales tax revenues	\$900,000
County receives 60%	\$540,000
Remaining COUNTYWIDE revenues for distributio	\$360,000

Jurisdiction	Population	Percent of Incorporated Population	Remaining COUNTYWIDE Revenues Distributed (% population x \$360,000)
City A	10,000	25%	\$90,000
City B	22,000	55%	\$198,000
City C	8,000	20%	\$72,000
TOTAL	40,000	100%	\$360,000

Total "CITY A" sales tax revenues	\$100,000
City A receives 85%	\$85,000
County receives 15%	\$15,000

<b>"CITY A" GRAND TOTAL</b>	City A receives \$175,000 (\$85,000 from city sales tax and \$90,000 from county sales tax)
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## **Snohomish County Public Safety Sales Tax Estimate**

**Snohomish County Public Safety Sales Tax Estimate at 2/10th of 1%**

Estimated Annual Revenue	Total	\$	39,600,000
To the County	60%	\$	23,760,000
To the Cities	40%	\$	15,840,000

**Breakdown of city allocation based on April 1,2023 population**

<i>City</i>	<i>Population</i>	<i>%</i>	<i>Share</i>
Arlington	21,740	4.48%	\$ 709,490
Bothell (part)	20,270	4.18%	\$ 661,516
Brier	6,610	1.36%	\$ 215,719
Darrington	1,505	0.31%	\$ 49,116
Edmonds	43,370	8.94%	\$ 1,415,390
Everett	114,200	23.53%	\$ 3,726,944
Gold Bar	2,305	0.47%	\$ 75,224
Granite Falls	4,775	0.98%	\$ 155,833
Index	155	0.03%	\$ 5,058
Lake Stevens	41,260	8.50%	\$ 1,346,530
Lynnwood	40,790	8.40%	\$ 1,331,191
Marysville	73,780	15.20%	\$ 2,407,828
Mill Creek	21,630	4.46%	\$ 705,900
Monroe	20,590	4.24%	\$ 671,959
Mountlake Terrace	23,810	4.91%	\$ 777,045
Mukilteo	21,590	4.45%	\$ 704,595
Snohomish	10,330	2.13%	\$ 337,122
Stanwood	8,585	1.77%	\$ 280,173
Sultan	6,730	1.39%	\$ 219,635
Woodway	1,340	0.28%	\$ 43,731