

SENATE BILL REPORT

SB 5775

As of February 24, 2025

Title: An act relating to expanding local taxing authority to fund public safety and community protection focused programs and services.

Brief Description: Expanding local taxing authority to fund public safety and community protection focused programs and services.

Sponsors: Senator Slatter.

Brief History:

Committee Activity: Ways & Means: 2/25/25.

Brief Summary of Bill

- Allows until January 1, 2028, a county or city legislative authority to impose the public safety sales and use tax without voter approval.
- Expands how local governments may use revenue from the public safety sales and use tax and the criminal justice sales and use tax.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. Some other local government entities and special purpose districts also impose sales and use taxes for specific purposes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates

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vary from 0.5 percent to 4.1 percent, depending on the location.

Public Safety Sales and Use Tax. Any city or county may impose a public safety sales tax with at least one-third of the revenues used solely for criminal justice purposes or fire protection purposes, or both. The remaining two-thirds may be used for any lawful governmental purpose. The tax requires voter approval at a primary or general election. The maximum rate is 0.3 percent for counties and 0.1 percent for cities. All revenue from the sales and use tax must be shared between the county and cities. The combined city and county rate may not exceed 0.3 percent. The tax does not apply to sales of motor vehicles or the first 36 months of a motor vehicle lease.

Criminal Justice Sales and Use Tax. In addition to the public safety sales and use tax, counties may impose an additional sales and use tax for criminal justice purposes. Criminal justice purposes are activities that substantially assist the criminal justice system, including domestic violence services and local government programs that reduce the numbers of people interacting with the criminal justice system by reducing homelessness or improving behavioral health. Cities do not have the authority to impose the tax, but the revenues must be shared with the cities within the county on a per capita basis. The tax is 0.1 percent and does not require voter approval.

Summary of Bill: Public Safety Sales and Use Tax. Until January 1, 2028, a county may impose the public safety sales and use tax without voter approval. Beginning December 31, 2025, and until January 1, 2028, a city may impose the public safety sales and use tax without voter approval.

In addition to criminal justice and fire protection purposes, counties and cities may use revenue from the public safety sales and use tax for community protection and public safety purposes, including behavioral health, co-responder, and diversion treatment programs and services. The term "criminal justice purposes" is expanded to include local government programs that reduce the number of people interacting with the criminal justice system, such as reducing homelessness or improving behavioral health.

If the tax is imposed by ordinance without voter approval, then all of the revenue from the tax must be used for criminal justice, fire protection, community protection, or public safety purposes.

Criminal Justice Sales and Use Tax. Revenue from the criminal justice sales and use tax may fund co-responder and diversion treatment services.

Appropriation: None.

Fiscal Note: Requested on January 21, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.