

SENATE BILL REPORT

SB 5775

As of February 25, 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.

Staff Summary of Public Testimony: PRO: This proposal modifies an existing tax to give local governments more flexibility. The costs of public safety are exceeding local capacity. Elected officials are still accountable to their voters when making councilmanic decisions. Local governments continue to raise public safety as their number one concern, next to cost increases in this state. Local governments need more tools to provide public safety and the services that constituents desire. The lack of funding puts critical public safety and criminal justice services at risk. This bill gives local governments the same authority to build budgets as that provided for the state. The updated definition of criminal justice purposes is beneficial as co-responder and diversion services play a vital role in public safety. This bill is a modest investment that gives cities and counties more flexibility in how they make communities and retail establishments safer. This bill is one step, but more support is need for the local criminal justice and public safety systems. This bill will allow local jurisdictions to utilize local sales tax revenue to increase support for law enforcement personnel. Local jurisdictions could use this option to retain law enforcement personnel that were hired with state grants. Local control in how to support law enforcement is critical as many communities are asking for increased law enforcement.

Persons Testifying: PRO: Candice Bock, Association of Washington Cities; Katie Beeson, Washington Food Industry Association (WFIA); Joe McDermott, State Relations Director | King County; Mark Johnson, Washington Retail Association; Kylie Peterson, WA Assn for Substance Misuse & Violence Prevention.

Persons Signed In To Testify But Not Testifying: No one.