

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Mayor's Office	Sarah Smith	Adam Schaefer

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in criminal justice; repealing obsolete sales and use tax provisions; adding a new Section 5.60.029 to the Seattle Municipal Code; renumbering Sections 5.60.030 and 5.60.040 of the Seattle Municipal Code as Section 5.60.065 and further amending the section; repealing Section 5.60.050 and 5.60.060 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: This legislation increases the local sales and use tax in Seattle by 0.1%, as authorized by newly adopted state law.

During the 2025 session, the Washington state legislature adopted Engrossed Substitute House Bill 2015 (Chapter 350, Laws of 2025), which authorizes cities and counties in Washington to raise local sales and use tax by 0.1% to fund investments in criminal justice.

This bill allows Seattle to begin charging and collecting this tax on January 1, 2026. The proceeds from this tax increase, currently estimated to be approximately \$38.9 million in 2026, must be spent for criminal justice purposes under the authorizing statute. This legislation specifically allows the proceeds to be spent on:

- A. Investments in the treatment of substance abuse disorders.
- B. Costs related to the staffing and operation of diversified response programs.
- C. Investments in diversion programs and enhanced shelter programs for individuals with criminal legal system involvement; and
- D. Costs related to first responder staffing.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☒ Yes ☐ No

Expenditure Change (\$);	2025	2026 est.	2027 est.	2028 est.	2029 est.
General Fund		\$38,900,000	\$39,600,000	\$41,100,000	\$42,900,000
Expenditure Change (\$);	2025	2026 est.	2027 est.	2028 est.	2029 est.
Other Funds					

Revenue Change (\$); General Fund	2025	2026 est.	2027 est.	2028 est.	2029 est.
Revenue Change (\$); Other Funds	2025	2026 est.	2027 est.	2028 est.	2029 est.

Number of Positions	2025	2026 est.	2027 est.	2028 est.	2029 est.
Total FTE Change	2025	2026 est.	2027 est.	2028 est.	2029 est.

3.a. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

Appropriations Notes: The increased sales tax takes effect in 2026; appropriations backed by the increased revenues will be contained in the 2026 Proposed Budget.

3.b. Revenues/Reimbursements

☒ This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2025 Revenue	2026 Estimated Revenue
General Fund (00100)		0.1% City criminal justice sales and use tax		\$38,900,000
TOTAL				\$38,900,000

Revenue/Reimbursement Notes:

3.c. Positions

☐ This legislation adds, changes, or deletes positions.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.

The City would not realize the increased revenue allowed under this Law unless it is adopted prior to June 20, 2028.

Please describe how this legislation may affect any City departments other than the originating department.

The proceeds from the tax increase are eligible be used to fund criminal justice investments in various departments.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

No.

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?

No.

c. Does this legislation affect a piece of property?

No.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

N/A

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

N/A

iii. What is the Language Access Plan for any communications to the public?

N/A

e. Climate Change Implications

- i. **Emissions:** How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.
N/A
 - ii. **Resiliency:** Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.
N/A
- f. **If this legislation includes a new initiative or a major programmatic expansion:** What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?
N/A
- g. **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**
No.

5. ATTACHMENTS

Summary Attachments: None.