SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

Wednesday, October 8, 2025

2:00 PM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Dan Strauss, Chair
Maritza Rivera, Vice-Chair
Joy Hollingsworth, Member
Debora Juarez, Member
Robert Kettle, Member
Sara Nelson, Member
Alexis Mercedes Rinck, Member
Rob Saka, Member
Mark Solomon, Member

Chair Info: 206-684-8806; Dan.Strauss@seattle.gov

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Meeting Location:
Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:
https://www.seattle.gov/council/committees/2025-select-budget-committee

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This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Speakers must be registered in order to be recognized by the Chair. Details on how to register for Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at https://www.seattle.gov/council/committees/public-comment. Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting.

In-Person Public Comment - Register to speak on the public comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting.

Please submit written comments no later than four business hours prior to the start of the meeting to ensure that they are distributed to Councilmembers prior to the meeting. Comments may be submitted at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m. Comments received after that time will be distributed after the meeting to Councilmembers and included as part of the public record.

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. CB 121083 **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.**

Supporting Documents:
Summary and Fiscal Note
Presentation (10/8/25)

Briefing, Discussion, and Possible Vote

Presenters: Ben Noble, Director, and Tom Mikesell, Council Central Staff

E. Adjournment

File #: CB 121083, **Version:** 1

CITY OF SEATTLE

ORDINANCE __________________

COUNCIL BILL __________________

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.

WHEREAS, after the COVID-19 public health emergency and resulting financial downturn, including generationally high inflation, the City's operating budget has faced a structural budget deficit, solved year-to-year by employing one-time measures; and

WHEREAS, public safety continues to be a top priority for the people of Seattle; and

WHEREAS, during the 2025 session, the Washington State Legislature enacted ESHB 2015 that authorizes city and county governments, including The City of Seattle, to impose a local sales and use tax of 0.1 percent by a legislative act prior to June 20, 2028; and

WHEREAS, the local sales and use tax revenue shall be spent on "criminal justice purposes" as authorized by ESHB 2015; and

WHEREAS, the City has implemented the policies and practices required by subsection 101(3) and 101(4) of ESHB 2015 and is therefore authorized by law to impose the local sales and use tax of 0.1 percent; and

WHEREAS, the City Council unanimously passed Resolution 32174 on July 29, which was signed by the Mayor on August 12, 2025, and which calls for utilizing public safety sales tax revenue to create a pathway to recovery for individuals experiencing substance use disorder; and

WHEREAS, The City of Seattle intends to impose the maximum local sales and use tax authorized under

ESHB 2015; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares that The City of Seattle is in compliance with and meets all requirements contained in RCW 43.101.540 and RCW 82.14.345(c).

Section 2. A new Section 5.60.029 is added to the Seattle Municipal Code as follows:

5.60.029 Imposition of sales and use tax for criminal justice purposes

A. There is imposed a sales and use tax as authorized by RCW 82.14.345, upon every taxable event, as defined in chapter 82.14 RCW, occurring in Seattle. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to chapter 82.08 and 82.12 RCW.

B. The rate of the tax imposed by this Section 5.60.029 shall be 0.1 percent of the selling price or value of the article used.

C. The City may use the moneys imposed under this Section 5.60.029 for criminal justice purposes as defined by RCW 82.14.345.

Section 3. Sections 5.60.030 and 5.60.040 of the Seattle Municipal Code, last amended by Ordinance 125887, are renumbered and amended as follows:

((~~5.60.030~~)) 5.60.065 Administration ((~~and collection of tax~~))

A. The administration and collection of the taxes imposed by this Chapter 5.60 shall be in accordance with the provisions of RCW 82.14.050 ((~~and Chapter 338, Laws of 2019~~)) , RCW 82.14.345, and RCW 82.14.540.

((~~5.60.040 Consent to inspection of records.~~))

B. The City of Seattle ((~~hereby~~)) consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330.

Section 4. Section 5.60.050 of the Seattle Municipal Code, enacted by Ordinance 110877, is repealed:

((**~~5.60.050 Authorizing execution of contract for administration.~~**

~~The Mayor is hereby authorized to enter into a contract with the Department of Revenue for the administration of this tax~~.))

Section 5. Section 5.60.060 of the Seattle Municipal Code, enacted by Ordinance 110877, is repealed:

((~~**5.60.060 Special initiative.**~~

~~The ordinance codified in this chapter shall be subject to a special initiative as contemplated by Section 19, Chapter 49, Laws of 1982, First Extraordinary Session, and Article IV, Section 1 of the City Charter.~~))

Section 6. The proceeds of the sales and use tax will continue to be deposited into the City's General Fund. The increases in revenues due to the sales and use tax for criminal justice purposes authorized in Section 2 of this ordinance shall pay for programs or activities with "criminal justice purposes," as defined by Chapter 350, Laws of 2025, in the following program areas:

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.

D. Costs related to first responder staffing.

Section 7. The Finance Director is authorized to provide any necessary notice to the Department of Revenue to effectuate the tax enacted by this ordinance and to execute, for and on behalf of The City of Seattle, any necessary agreement with the Department of Revenue for the collection and administration of the tax enacted by this ordinance.

Section 8. Any notice given or agreement executed by the Finance Director as authorized by Section 7 of this ordinance prior to the effective date of this ordinance is ratified and confirmed.

Section 9. Sections 2 through 5 of this ordinance shall take effect on January 1, 2026.

Section 10. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the ________ day of _________________________, 2025, and signed by me in open session in authentication of its passage this ________ day of _________________________, 2025.

____

President ____________ of the City Council

Approved / returned unsigned / vetoed this ____day of _______________, 2025.

____

Bruce A. Harrell, Mayor

Filed by me this ________ day of _________________________, 2025.

____

Scheereen Dedman, City Clerk

(Seal)

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

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

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

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.

Public Safety Sales Tax: Policy Considerations

Ben Noble and Tom Mikesell, Central Staff

SELECT BUDGET COMMITTEE
OCTOBER 8, 2026

Background

Chapter 350, Laws of 2025 (effective July 27, 2025)

- Provides for a 0.1% councilmanic sales tax for public safety purposes
- Would generate $39M in 2026; full amount is allocated in Mayor's Proposed Budget
- CB 121083 would impose the tax, but does NOT establish the associated spending. Funding allocations will be made with the budget itself.
- Due to Department of Revenue implementation deadlines, tax must be adopted by October 18th to receive a full year's revenue in 2026.
- Seattle cannot create its own deductions, exemptions or credits against this tax, so there are limited policy choices in how it is implemented.

Policy Considerations (1 of 3)

1. Sales taxes are regressive, meaning their impacts are larger on those with lower incomes:
   - Current 2025 tax rate on purchases in Seattle is 10.35%. The 2026 tax rate on most purchases would be 10.55% with the King County increase and this increase (most food bought from grocery stores for consumption at home is exempt).
     - Would add $25 to a $25,000 car purchase, for example.
   - Current economic environment indicates high inflation will continue, with the full impact from tariffs still uncertain.

Policy Considerations (2 of 3)

2. Delaying adoption to coincide with final Council action on the budget would reduce 2026 revenue by $9M (1st quarter revenue) based on Forecast Office estimates
3. October revenue forecast risk:
   - National jobs data has shown considerable weakness since the August Forecast.
   - The balance of uncertainty weighs towards a revenue forecast reduction in October.

Policy Considerations (2 of 3)

4. Updated General Fund Financial Plan shows a $140 million deficit beginning in 2027, even after assuming passage of both the Business and Occupations Tax restructure authorized and the new public safety sales tax.

5. So, the projected deficit remains, and at least two of the available revenue options will no longer remain as potential "solutions".

6. Note that the State authorizing legislation does not include a non-supplanting clause, meaning that revenues from this new tax authority can be used for existing public safety expenditures. In the 2026 Proposed Budget, approximately $24 million of the revenue is assigned to new spending, and $15 million supplants existing eligible spending in the 2026 Endorsed Budget, providing a net $15 million for other items added in the budget proposal.

Questions?