

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 5/9/16

AGENDA ITEM: Criminal Justice Sales Tax	
PREPARED BY: Gloria Hirashima, Chief Administrative Officer	DIRECTOR APPROVAL:
DEPARTMENT: Executive	
ATTACHMENTS: Proposed Agreement	
BUDGET CODE: 00100011.549000	AMOUNT: \$50,000.00
SUMMARY:	

Snohomish County Executive’s office has notified the City that the Executive will be requesting that the County Council place a measure on the August 2 primary ballot for consideration. The County Council has not yet acted on the Executive recommendation. The measure will be to ask voters for approval of a two-tenth of one percent sales and use tax for funding criminal justice. The sales and use tax is authorized under RCW 82.14.450.

If the County and City adopt an ordinance or resolution to impose a sales and use tax under this section, the total rate cannot exceed three-tenths of one percent. The maximum tax authorized by a city is one-tenth of one percent.

In the case of tax proceeds authorized through and received by the County, they must be shared between the county and city, with 60% retained by the County and 40% distributed to the City on a per capita basis. The County has provided estimates of the resulting distribution under scenarios of 1/10 of one percent and 2/10 of one percent (attached). In the case of tax proceeds authorized through and received by the City, 85% is retained by the City and 15% is distributed to the County.

The City’s Executive office is providing this information to the Council to discuss and to review whether any action should be taken by the City to place a measure on the August primary. Deadline for submitting a resolution to the County Auditor is May 13, 2016.

RECOMMENDED ACTION: Discussion of information and options.
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RCW 82.14.450**Sales and use tax for counties and cities.**

(1) A county legislative authority may submit an authorizing proposition to the county voters at a primary or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this section may not exceed three-tenths of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(2)(a) A city legislative authority may submit an authorizing proposition to the city voters at a primary or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this subsection may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax. A city may not begin imposing a tax approved by the voters under this subsection prior to January 1, 2011.

(b) If a county adopts an ordinance or resolution to submit a ballot proposition to the voters to impose the sales and use tax under subsection (1) of this section prior to a city within the county adopting an ordinance or resolution to submit a ballot proposition to the voters to impose the tax under this subsection, the rate of tax by the city under this subsection may not exceed an amount that would cause the total county and city tax rate under this section to exceed three-tenths of one percent. This subsection (2)(b) also applies if the county and city adopt an ordinance or resolution to impose sales and use taxes under this section on the same date.

(c) If the city adopts an ordinance or resolution to submit a ballot proposition to the voters to impose the sales and use tax under this subsection prior to the county in which the city is located, the county must provide a credit against its tax under subsection (1) of this section for the city tax under this subsection to the extent the total county and city tax rate under this section would exceed three-tenths of one percent.

(3) The tax authorized in this section is in addition to any other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters **82.08** and **82.12** RCW upon the occurrence of any taxable event within the county.

(4) 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.

(5) One-third of all money received under this section must be used solely for criminal justice purposes, fire protection purposes, or both. For the purposes of this subsection, "criminal justice purposes" has the same meaning as provided in RCW **82.14.340**.

(6) Money received by a county under subsection (1) of this section must be shared between the county and the cities as follows: Sixty percent must be retained by the county and forty percent must be distributed on a per capita basis to cities in the county.

(7) Tax proceeds received by a city imposing a tax under this section must be shared between the county and city as follows: Fifteen percent must be distributed to the county and eighty-five percent is retained by the city.

[2010 c 127 § 1; 2009 c 551 § 1; 2007 c 380 § 1; 2003 1st sp.s. c 24 § 2.]

NOTES:

Finding—Intent—2003 1st sp.s. c 24: "The legislature finds that local governments in the state of Washington face enormous challenges in the area of criminal justice and public health. It is the legislature's intent to allow general local governments to raise revenues in order to better protect the health and safety of Washington state and its residents. It is further the intent of the legislature to provide such local governments relief from regulatory burdens that do not harm the public health and safety of the citizens of the state as a means of minimizing the need to generate new revenues authorized under this act." [2003 1st sp.s. c 24 § 1.]

Effective date—2003 1st sp.s. c 24: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 1st sp.s. c 24 § 6.]

Severability—2003 1st sp.s. c 24: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2003 1st sp.s. c 24 § 7.]

Revenue Collection Estimate for 1 and 2 Tenths of a Percent CJ Sales Tax

Prepared 4/12/2016

2016 estimate 1/10% for MH/CD	\$	13,772,645
adjust for vehicle exemption	\$	(1,032,948)
Estimated revenue generated	\$	12,739,697
County 60%	\$	7,643,818
City 40% per capita	\$	5,095,879

		Population	1/10 of 1 %	2/10 of 1 %
County	Jurisdiction	4/1/15 estimate	Estimated annual revenue	Estimated Annual Revenue
Snohomish	Snohomish County	757,600	\$ 7,643,818	\$ 15,287,636
Snohomish	Unincorporated Snohomish County	330,260		
Snohomish	Incorporated Snohomish County	427,340		
Snohomish	Arlington	18,490	\$ 220,487	\$ 440,973
Snohomish	Bothell (part)	17,230	\$ 205,462	\$ 410,923
Snohomish	Brier	6,500	\$ 77,510	\$ 155,020
Snohomish	Darrington	1,350	\$ 16,098	\$ 32,197
Snohomish	Edmonds	40,490	\$ 482,829	\$ 965,658
Snohomish	Everett	105,800	\$ 1,261,628	\$ 2,523,255
Snohomish	Gold Bar	2,115	\$ 25,221	\$ 50,441
Snohomish	Granite Falls	3,390	\$ 40,425	\$ 80,849
Snohomish	Index	160	\$ 1,908	\$ 3,816
Snohomish	Lake Stevens	29,900	\$ 356,547	\$ 713,094
Snohomish	Lynnwood	36,420	\$ 434,296	\$ 868,591
Snohomish	Marysville	64,140	\$ 764,847	\$ 1,529,694
Snohomish	Mill Creek*	19,760	\$ 235,631	\$ 471,262
Snohomish	Monroe*	17,620	\$ 210,112	\$ 420,225
Snohomish	Mountlake Terrace	21,090	\$ 251,491	\$ 502,982
Snohomish	Mukilteo	20,900	\$ 249,225	\$ 498,450
Snohomish	Snohomish	9,385	\$ 111,913	\$ 223,826
Snohomish	Stanwood	6,585	\$ 78,524	\$ 157,048
Snohomish	Sultan	4,680	\$ 55,807	\$ 111,615
Snohomish	Woodway	1,335	\$ 15,919	\$ 31,839
Sub-total city		427,340	\$ 5,095,879	\$ 10,191,757

* Cities have implemented their max allowed 1/10.

1 SNOHOMISH COUNTY COUNCIL
2 Snohomish County, Washington

3
4 ORDINANCE NO. 16-____
5

6 PROVIDING FOR SUBMISSION TO THE QUALIFIED VOTERS OF THE COUNTY A
7 PROPOSITION AUTHORIZING A LOCAL SALES AND USE TAX OF TWO TENTHS
8 OF ONE PERCENT FOR CRIMINAL JUSTICE AND FIRE PROTECTION PURPOSES;
9 ADOPTING A NEW CHAPTER 4.30 SCC
10

11 **WHEREAS**, The Snohomish County Council has determined that the increasing
12 cost of the criminal justice and fire protection services within the county and the cities
13 within Snohomish County cannot be sustained within current resources; and
14

15 **WHEREAS**, the citizens of Snohomish County have clearly indicated that
16 criminal justice and fire protection services are critical priorities, and
17

18 **WHEREAS**, the health, welfare and safety of the residents and businesses of
19 Snohomish County require that the county and the cities within the county provide an
20 adequate level of criminal justice and fire protection services; and
21

22 **WHEREAS**, criminal justice and fire protection services within the county will
23 face significant reductions without additional resources; and
24

25 **WHEREAS**, RCW 82.14.450 authorizes the county to impose an additional
26 sales tax for criminal justice and fire protection services within the county, to be shared
27 between the county and the cities within the county; and
28

29 **WHEREAS**, the intent of the Snohomish County Council is that the revenue from
30 this additional sales tax be used by Snohomish County and the cities within the county
31 for criminal justice and fire protection purposes as required by RCW 82.14.450; and
32

33 **WHEREAS**, in order to provide funding to maintain criminal justice and fire
34 protection services for Snohomish County and the cities within Snohomish County, it is
35 deemed necessary and advisable for Snohomish County to impose an additional local
36 sales and use tax of two tenths of one percent (0.2%) as authorized by RCW 82.14.450;
37

38 BE IT ORDAINED:
39

40 Section 1. Submittal to Voters. A ballot proposition shall be submitted to the
41 qualified voters of the county pursuant to RCW 82.14.450 to authorize the county
42 council to fix and impose a local sales and use tax of two tenths of one percent (0.2% --
43 20 cents for every \$100) to provide funds to be used exclusively for criminal justice and
44 fire protection purposes in accordance with new Chapter 4.30 SCC as set forth in
45 section 4 of this ordinance.
46

1 Section 2. Election Authorization. At a special election hereby called by the
2 county council to coincide with the primary election to be held on August 2, 2016, a
3 proposition in substantially the following form shall be submitted to the voters of
4 Snohomish County:

5
6 SNOHOMISH COUNTY, WASHINGTON

7
8 PROPOSITION NUMBER 1

9
10 CRIMINAL JUSTICE AND FIRE PROTECTION
11 SALES AND USE TAX
12

13 The Snohomish County Council passed Ordinance No. 16-XXX concerning a
14 criminal justice and fire protection sales and use tax. This proposition would authorize
15 the imposition of a county-wide sales and use tax, in addition to any other taxes
16 authorized by law, of two tenths of one percent (0.2% -- 20 cents for every \$100) to be
17 used for criminal justice and fire protection purposes, as authorized by RCW 82.14.450.
18 Should this proposition be:

19
20 Approved

21
22 Rejected

23
24
25 Section 3. Auditor's Duties. The auditor-supervisor of elections shall cause
26 notice of the proposed proposition to be published in accordance with the state
27 constitution and general law, and shall place the proposed proposition upon the ballot of
28 the county-wide election held on August 2, 2016.

29
30 Section 4. Chapter 4.30 SCC Adopted.

31
32 If a sales and use tax is authorized by a majority of voters in the special election
33 conducted pursuant to Section 2 of this ordinance, the following new chapter is added to
34 Title 4 of the Snohomish County Code:

35
36 **Chapter 4.30**

37
38 **Criminal Justice and Fire Protection**
39 **Sales and Use Tax**

40 **Sections:**

- 41
42 **4.30.010 Imposition of sales and use tax.**
43 **4.30.020 Rate of tax imposed.**
44 **4.30.030 Use of tax.**
45 **4.30.040 Administration and collection.**
46 **4.30.050 Effective date.**

1 **4.30.900 Severability.**

2
3 4.30.010 Imposition of sales and use tax.

4
5 There is hereby imposed a sales and use tax, as authorized by RCW 82.14.450,
6 upon every taxable event occurring within Snohomish County. The tax shall be
7 imposed upon and collected from those persons from whom the state sales and use tax
8 is collected pursuant to chapters 82.08 and 82.12 RCW. The sales and use tax
9 imposed pursuant to this chapter shall be in addition to those sales and use taxes
10 imposed under chapters 4.24 and 4.25 SCC.

11
12 4.30.020 Rate of tax imposed.

13
14 The rate of tax imposed by SCC 4.30.010 shall be two-tenths of one percent of
15 the selling price (in the case of sales tax) or value of the article used (in the case of the
16 use tax).

17
18 4.30.030 Use of tax.

19
20 (1) Monies received from the tax imposed by SCC 4.30.010 shall be used for
21 criminal justice and fire protection purposes as required by RCW 82.14.450. For
22 purposes of this section, "criminal justice purposes" has the same meaning as provided
23 by RCW 82.14.340.

24
25 (2) The monies received by the county from the tax imposed by SCC 4.30.010
26 shall be shared between the county and the cities within the county as follows: sixty
27 percent shall be retained by the county and forty percent shall be distributed on a per
28 capita basis to the cities within the county.

29
30 4.30.040 Administration and collection.

31
32 The administration and collection of the tax imposed by this chapter shall be in
33 accord with the provisions of chapters 82.08, 82.12, and 82.14 RCW, and subject to
34 such regulations, contracts, and inspections as are required by the department of
35 revenue for the administration of such taxes.

36
37 4.30.050 Effective date.

38
39 This chapter shall take effect on January 1, 2017.

40
41 4.30.900 Severability.

42
43 If any provision of this chapter or its application to any person or circumstance is
44 held invalid, the remainder of the chapter or the application of the provision to other
45 persons or circumstances is not affected.

