

Revenue Options – Sales and Property Tax

2026 Budget Presentation



HB 2015 - 1/10th Sales Tax

HB 2015 authorizes qualified cities and counties to impose a stackable 0.1% sales tax for local law enforcement programs.

Other Considerations:

- If a county implements a 0.1% councilmanic tax before 2028, it does not need to go to the voters for approval. It can be implemented after 2028 through voter approval.
- If a 0.3% voter-approved tax fails at a ballot, the county cannot implement the 0.1% councilmanic tax for at least 12 months.
- Extensive implementation timeline exists – example below

Desired Implementation Date	Deadline to Notify Dept. of Revenue with Signed Ordinance/Resolution (75 days prior to implementation)	Deadline to submit documentation for CJTC Eligibility Review (estimated 45-180 days processing)
January 1, 2026	October 18, 2025	April 21, 2025 – September 3, 2025
April 1, 2026	January 16, 2026	July 20, 2025 – December 2, 2025
July 1, 2026	April 17, 2026	October 20, 2025 – March 3, 2026

Voter Approved Public Safety Sales Tax

RCW 82.14.450 – Any county may impose a public safety sales tax, with at least one-third of the revenues used solely for criminal justice purposes.

- Can be implemented at 0.1%, 0.2%, maximum rate is 0.3% for counties.
- Revenue must be shared – 60% retained by the county and 40% on a per capita basis to the cities in the county.
- Currently, 16 Washington counties have imposed a 3/10ths public safety tax, one has approved a 2/10ths, and 2 have done 1/10th. 10 counties have no public safety tax, but have 1 or more cities with the tax (15% of which must be shared with the county).

Sales Tax Levy Benefits and Risks

Benefits

- Easier to explain impact to citizens
- Would spread tax to non-residents and tourists when they patronize local businesses
- Potential for higher annual increases long-term as sales tax can grow by more than 1% per year
- Perceived control by citizens to curb spending to ameliorate impact

Risks

- Sales tax volatility – could decline in a single year or over many years if economy falters
- Not as stable of a revenue source as property tax
- Regressive impact
- Could encourage residents to shop elsewhere

County & City Sales Tax Rates 2025

COUNTY	Highest Unincorporated Sales Tax Rate	Excludes PTBA and/or RTA	Highest City Sales Tax Rate
Snohomish	0.105	0.079	0.106
King	0.102	0.088	0.104
Pierce	0.101	0.081	0.103
Thurston	0.095	0.083	0.098
Jefferson	0.092		0.094
Kitsap	0.092		0.093
Spokane	0.089	0.081	0.092
Grays Harbor	0.089		0.091
Whatcom	0.088	0.082	0.091
Island	0.088		0.090
Benton	0.087	0.081	0.088
Franklin	0.087	0.081	0.089
Walla Walla	0.087	0.081	0.089
Clallam	0.086		0.089
Mason	0.086		0.089
Skagit	0.086	0.082	0.088
Clark	0.085	0.078	0.088
Chelan	0.084		0.088
Douglas	0.084	0.078	0.086
Okanogan	0.084	0.080	0.087

COUNTY	Highest Unincorporated Sales Tax Rate	Excludes PTBA and/or RTA	Highest City Sales Tax Rate
San Juan	0.084		0.087
Kittitas	0.083		0.086
Asotin	0.082		0.084
Columbia	0.082		0.084
Grant	0.082		0.085
Pacific	0.082		0.084
Garfield	0.081		0.081
Adams	0.080		0.082
Ferry	0.080		0.080
Lewis	0.080		0.084
Lincoln	0.080		0.080
Stevens	0.080		0.080
Yakima	0.080		0.083
Whitman	0.079		0.080
Wahkiakum	0.078		0.078
Cowlitz	0.077		0.082
Pend Oreille	0.077		0.077
Skamania	0.077		0.080
Klickitat	0.075		0.076

Kitsap County Sales Tax Breakdown - 2025

Rate	Component	Budget Location	Imposed By
0.065	State of Washington	N/A	State
0.005	Basic/First Half Sales Tax	General Fund	County
0.005	Optional/Second Half Sales Tax	General Fund	County
0.001	Criminal Justice	General Fund	County
0.002	Emergency Communications	Special Purpose District	County
0.001	Juvenile Detention Facilities & Jails	Special Revenue Fund	County
0.001	Mental Health & Chemical Dependency	Special Revenue Fund	County
0.001	Housing & Related Services	Special Revenue Fund	County
0.003	Transit (Ferries)	Special Purpose District	Transit
0.008	Transit (Buses)	Special Purpose District	Transit
0.092			

County General Fund Sales Tax Revenue

Sales tax revenue is received by the county on a two month delay. For example, if we implemented a sales tax on July 1, 2026 we would not see revenues until September.

Scenario A	Levy Amount	New Revenues Received Each Year					
		2026	2027	2028	2029	2030	2031
3% Annual Sales Tax Growth	1/10th	4,500,000	4,635,000	4,774,050	4,917,272	5,064,790	5,216,733
	2/10ths	9,000,000	9,270,000	9,548,100	9,834,543	10,129,579	10,433,467
	3/10ths	13,500,000	13,905,000	14,322,150	14,751,815	15,194,369	15,650,200
	Councilmanic	7,500,000	7,725,000	7,956,750	8,195,453	8,441,316	8,694,556

Scenario B	Levy Amount	New Revenues Received Each Year					
		2026	2027	2028	2029	2030	2031
Sales Tax Mirrors Great Recession	1/10th	4,500,000	4,590,000	4,131,000	3,841,830	3,726,575	3,801,107
	2/10ths	9,000,000	9,180,000	8,262,000	7,683,660	7,453,150	7,602,213
	3/10ths	13,500,000	13,770,000	12,393,000	11,525,490	11,179,725	11,403,320
	Councilmanic	7,500,000	7,650,000	6,885,000	6,403,050	6,210,959	6,335,178

This chart shows how many new tax dollars a citizen of different spending levels might pay in a single year if these taxes were implemented.

Citizen Impact	Taxable Spending	1/10th	2/10ths	3/10ths
	\$15,000	\$15	\$30	\$45
	\$30,000 - average	\$30	\$60	\$90
	\$60,000	\$60	\$120	\$180



Property Tax Formula

A taxing district establishes its desired level amount first (subject to levy limit restrictions), then the assessed valuation is used to calculate the subsequent levy rate.

This means the tax rate may go up or down depending on the overall current assessed valuation.

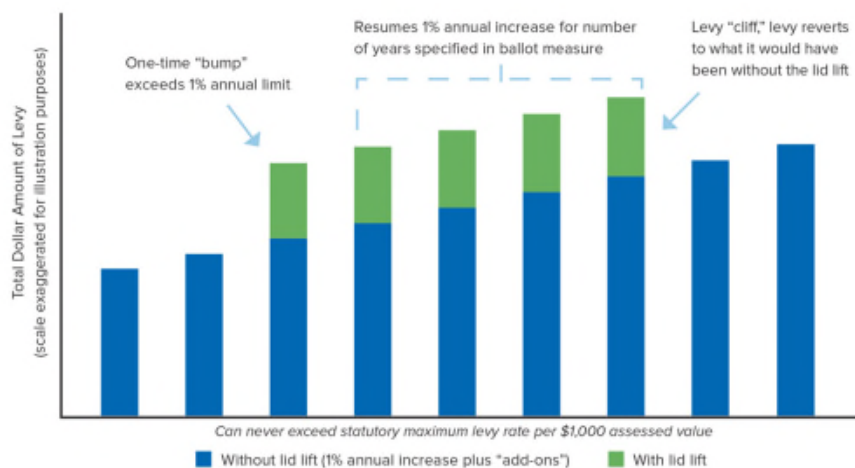
Example of How the 101% Limit Affects Property Tax Rates

Year	Current Assessed Valuation (excluding new construction), assumes 2% annual increase	Maximum Allowable Levy (1% annual increase)	Maximum Allowable Levy Rate/\$1,000 AV
1	\$100,000,000	\$150,000	\$1.50
2	\$102,000,000	\$151,500	\$1.49
3	\$104,040,000	\$153,015	\$1.47
4	\$106,120,800	\$154,545	\$1.46
5	\$108,243,216	\$156,091	\$1.44



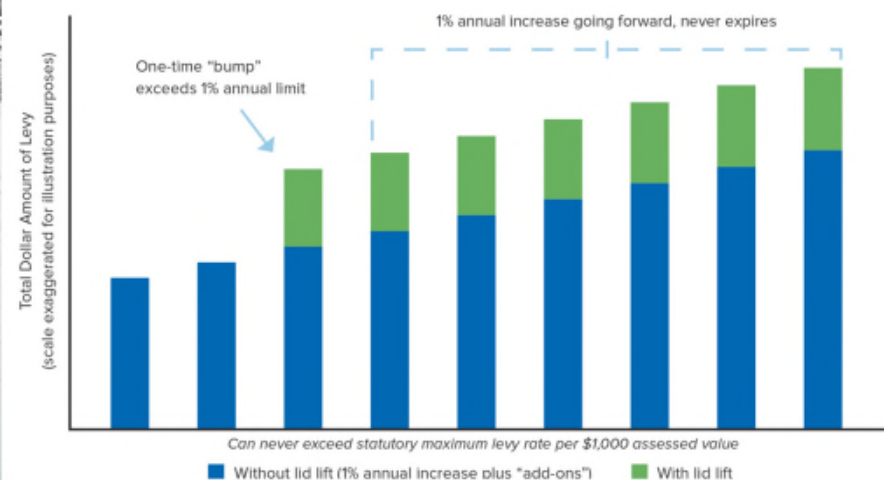
Temporary Single-Year Lid Lift

The levy lid bumps up more than 1% in the first year, and that amount is used to calculate all subsequent 1% levy limitations until the measure expires.



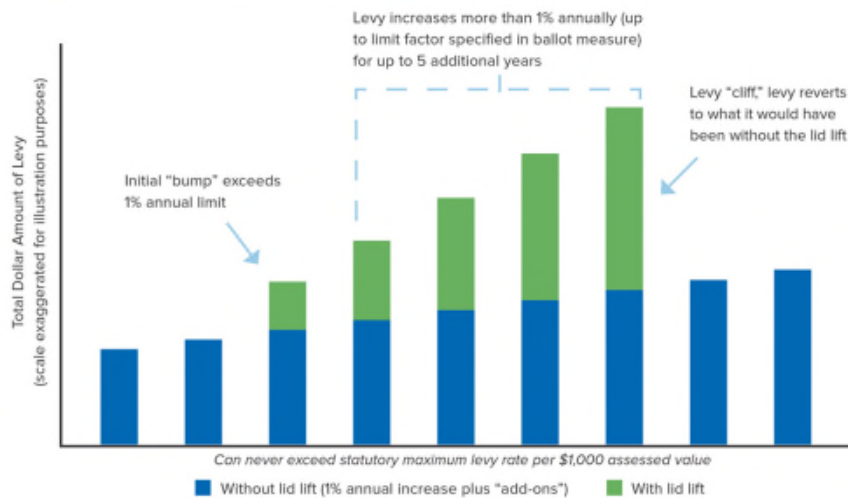
Permanent Single-Year Levy Lid Lift

The levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all future 101% levy limitations. The measure never expires, and the levy lid never reverts.



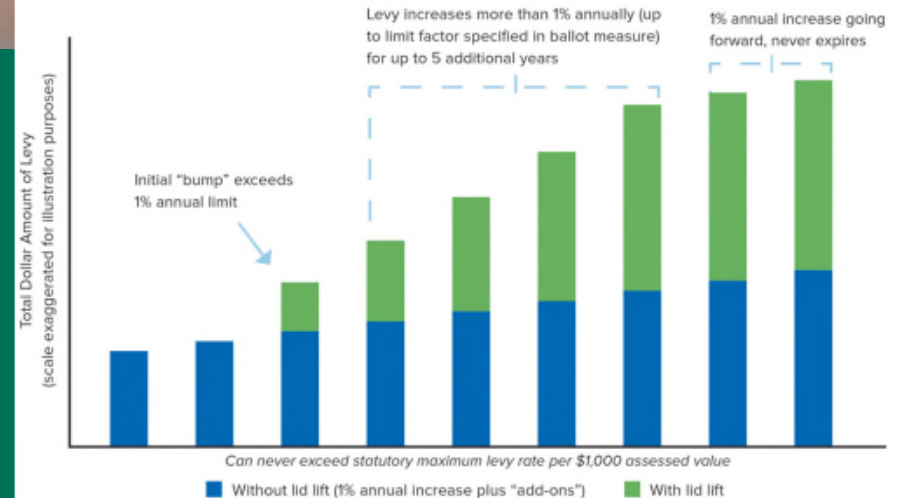
Temporary Multi-Year Lid Lift

The levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. When the lid lift expires, the levy lid reverts to what it would have been if the lift never existed.



Permanent Multi-Year Levy Lid Lift

The levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. The lid lift does not revert and the maximum levy is used as the base to calculate all future 1% levy limitations.



Choosing a Multi-Year Limit Factor/Inflation Index



Multi-Year lid lifts must identify a maximum “limit factor” for which the total levy amount may not exceed in subsequent years (stated as an annual percent). The limit factor does not have to be the same for each year.

Commonly Used Limiting Factors:

Assessed valuations - If assessed values are rising about 6% annually, the county might want to establish an annual limit factor of 6% in an attempt to maintain flat levy rates – otherwise the levy rate will fall as assessed values outpace annual levy lid increases.

Inflation indicators such as CPI – must be highly specific about the CPI index used in your ballot measure, will vary each year and must be published in time to calculate property tax levies each year.

Ballot Requirements for Each Lift Type

Single-Year Lid Lift Ballot Requirements

- State the maximum tax rate to be imposed in the first year (for instance, \$1.50 per \$1,000 AV).
- If temporary, state the total duration of the levy (number of years).
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computer the limitations for subsequent levies.
- State the exemption for senior citizens and persons with disabilities, if the jurisdiction wishes to exempt these individuals.



Multi-Year Lid Lift Ballot Requirements

- State the purpose of funds in the ballot title.
- State the total levy duration (number of years).
- State the maximum tax rate to be collected in the first year (for instance, \$1.50 per \$1,000 AV).
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies.
- State the limit factor to be used for all subsequent years.
- State the exemption for senior citizens and persons with disabilities, if the jurisdiction wishes to exempt these individuals.

Due Dates to the Auditor

Special Elections (February or April)

60 days before the special election

Primary Elections (August)

Friday before the first day of regular candidate filing

General Election (November)

The date of the primary election

JAN FEB MAR APR MAY JUN JUL AUG SEPT OCT NOV DEC

Election Dates

Single-year lid lifts – any special, primary or general election

Multi-year lid lifts – only primary or general elections

Your election date determines when you will get your first tax receipts.

Example: Taxes levied in November are first due on April 30 of the following year.

Property Tax Levy Benefits and Risks

Benefits

- Stable source of revenue that will not decline year over year
- More challenging for tax-payers to avoid
- More progressive (wealth based) than sales tax

Risks

- Growth potential is typically smaller long term
 - More challenging to explain calculations and impact to residents
 - Can discourage property improvements
-

Washington Counties Current Expense Levies - 2025

County Name	Current Expense Levy
Columbia	1.7637
Garfield	1.5292
Adams	1.4151
Asotin	1.3945
Ferry	1.3036
Whitman	1.2281
Lincoln	1.1680
Stevens	1.0982
Cowlitz	1.0575
Grant	1.0468
Walla Walla	1.0387
Klickitat	1.0080
Grays Harbor	0.9840
Pacific	0.9621
Yakima	0.9598
Pend Oreille	0.9581
Jefferson	0.9269
Okanogan	0.9130
Skagit	0.8857
Lewis	0.8837

County Name	Current Expense Levy
Skamania	0.8500
Thurston	0.8240
Wahkiakum	0.7882
Douglas	0.7825
Clallam	0.7599
Clark	0.7500
Benton	0.7490
Mason	0.7226
Pierce	0.7169
Chelan	0.7132
Spokane	0.7088
Franklin	0.6672
Kittitas	0.6577
Whatcom	0.5877
Kitsap	0.5835
San Juan	0.5420
King	0.4970
Snohomish	0.4750
Island	0.3708

County Property Tax Revenue

For 2026 the county general fund is budgeted to receive just over 40M in property taxes revenue. 37.8M is available for unrestricted general fund use. 2.35M is dedicated for other uses, such as the Mental Health and Veteran's Assistance Funds.

Below examples show only estimates of additional revenues that would be received if a single year lid lift were approved. Taxpayer impact, shown below, is the maximum potential impact to residents with various home values.

Scenario A		2026	2027	2028	2029	2030	2031
2027 Single Year Levy Lid Lift - Mild (\$0.10 first year)	Additional Revenue	\$ -	\$ 6,000,000	\$ 6,060,000	\$ 6,120,600	\$ 6,181,806	\$ 6,243,624
	\$350k home	\$ -	\$ 35.00	\$ -	\$ -	\$ -	\$ -
	\$500k home	\$ -	\$ 50.00	\$ -	\$ -	\$ -	\$ -
	\$750k home	\$ -	\$ 75.00	\$ -	\$ -	\$ -	\$ -
	\$1.5M home	\$ -	\$ 150.00	\$ -	\$ -	\$ -	\$ -
Scenario B		2026	2027	2028	2029	2030	2031
2027 Single Year Levy Lid Lift - Aggressive (\$0.35 first year)	Additional Revenue	\$ -	\$ 21,000,000	\$ 21,210,000	\$ 21,422,100	\$ 21,636,321	\$ 21,852,684
	\$350k home	\$ -	\$ 122.50	\$ -	\$ -	\$ -	\$ -
	\$500k home	\$ -	\$ 175.00	\$ -	\$ -	\$ -	\$ -
	\$750k home	\$ -	\$ 262.50	\$ -	\$ -	\$ -	\$ -
	\$1.5M home	\$ -	\$ 525.00	\$ -	\$ -	\$ -	\$ -

County Property Tax Revenue

Below examples show estimates of additional revenues that would be received if a multi-year lid lift were approved. Taxpayer impact, shown below, is the maximum potential impact to residents with various home values.

Scenario C		2026	2027	2028	2029	2030	2031
2027 Multi Year Levy Lid Lift - Mild (\$0.10 increase then Seattle CPI 3% for 2 years)	Additional Revenue	\$ -	\$ 6,000,000	\$ 7,380,000	\$ 8,801,400	\$ 9,290,000	\$ 9,780,000
	\$350k home	\$ -	\$ 35.00	\$ 36.05	\$ 37.13	\$ -	\$ -
	\$500k home	\$ -	\$ 50.00	\$ 51.50	\$ 53.05	\$ -	\$ -
	\$750k home	\$ -	\$ 75.00	\$ 77.25	\$ 79.57	\$ -	\$ -
	\$1.5M home	\$ -	\$ 150.00	\$ 154.50	\$ 159.14	\$ -	\$ -
Scenario D		2026	2027	2028	2029	2030	2031
2027 Multi Year Levy Lid Lift - Aggressive (\$0.35 increase then 8% based on AV for 3 years)	Additional Revenue	\$ -	\$ 21,000,000	\$ 25,880,000	\$ 31,150,000	\$ 36,842,400	\$ 37,610,850
	\$350k home	\$ -	\$ 122.50	\$ 132.30	\$ 142.88	\$ 154.31	\$ -
	\$500k home	\$ -	\$ 175.00	\$ 189.00	\$ 204.12	\$ 220.45	\$ -
	\$750k home	\$ -	\$ 262.50	\$ 283.50	\$ 306.18	\$ 330.67	\$ -
	\$1.5M home	\$ -	\$ 525.00	\$ 567.00	\$ 612.36	\$ 661.35	\$ -

Questions?

