

Multiple Agency Fiscal Note Summary

Bill Number: 1095 HB	Title: Law enforcement funding
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(350,000,000)	(350,000,000)	(350,000,000)	(528,000,000)	(528,000,000)	(528,000,000)	(568,000,000)	(568,000,000)	(568,000,000)
Total \$	(350,000,000)	(350,000,000)	(350,000,000)	(528,000,000)	(528,000,000)	(528,000,000)	(568,000,000)	(568,000,000)	(568,000,000)

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		326,700,000		522,720,000		562,320,000
Local Gov. Total		326,700,000		522,720,000		562,320,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	1.3	412,600	412,600	412,600	.7	176,100	176,100	176,100	.6	161,800	161,800	161,800
Total \$	1.3	412,600	412,600	412,600	0.7	176,100	176,100	176,100	0.6	161,800	161,800	161,800

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 2/20/2025
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Department of Revenue Fiscal Note

Bill Number: 1095 HB	Title: Law enforcement funding	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	(100,000,000)	(250,000,000)	(350,000,000)	(528,000,000)	(568,000,000)
Total \$	(100,000,000)	(250,000,000)	(350,000,000)	(528,000,000)	(568,000,000)

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.4	2.1	1.3	0.7	0.6
Account					
GF-STATE-State 001-1	133,100	279,500	412,600	176,100	161,800
Total \$	133,100	279,500	412,600	176,100	161,800

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Kristina King	Phone: 603-60-786-7190	Date: 01/27/2025
Agency Preparation: Diana Tibbetts	Phone: 603-60-534-1520	Date: 01/29/2025
Agency Approval: Valerie Torres	Phone: 603-60-534-1521	Date: 01/29/2025
OFM Review: Megan Tudor	Phone: 603-60-890-1722	Date: 02/20/2025

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

Local governments can levy several local sales and use taxes designated for certain purposes. The Department of Revenue (department) collects most local sales and use taxes and distributes them monthly to local jurisdictions.

PROPOSAL:

This legislation allows local governments to levy a new state-shared 0.10% local sales and use taxes to provide funding to attract and retain law enforcement officers. At least 50% of the money received from the new state-shared sales and use taxes must be used solely for attracting and retaining additional commissioned law enforcement officers. The remaining revenue may be used for criminal justice purposes.

Counties and cities may impose the sales and use taxes as follows:

- Counties and cities with a population of 50,000 or less may impose the sales and use taxes by January 1, 2026.
- Counties and cities with a population between 50,000 and 175,000 may impose the sales and use taxes by January 1, 2027.
- All remaining counties and cities may impose the sales and use taxes by January 1, 2028.

If the county and a city within the county both impose the sales and use taxes, the county must credit the city tax against the county tax.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session; however, due to the time it will take to program this bill's changes, the department cannot implement the bill until January 1, 2026.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- The state-shared tax credits the 0.10% local tax against the 6.5% state sales and use taxes.
- All local jurisdictions will impose this new state-shared tax.
- For this estimate, all counties and cities can and will impose the tax by January 1, 2026. While Section 3 allows some counties additional time, the longer counties and cities wait, the longer before they receive these funds.
- County populations refer to residents in the unincorporated parts of a county.
- The annual growth reflects the Economic and Revenue Forecast Council's November 2024 taxable retail sales forecast.
- The Performance Audits of Government Account receives a 0.16% share of retail sales and use taxes. The new state-shared local tax amounts exclude this amount.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Under this bill, the amount of revenue shared with tribes does not change.
- The department receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- The department will implement the state-shared tax beginning January 1, 2026, impacting five months of state collections and four months of impacted local distributions in fiscal year 2026.

DATA SOURCES:

- Department of Revenue, Excise tax data

- Office of Financial Management, 2024 population data
- Economic and Revenue Forecast Council, November 2024 forecast

REVENUE ESTIMATES:

This bill decreases state revenues by an estimated \$100 million in the five months of impacted collections in fiscal year 2026, and by \$250 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$80 million in the four months of impacted collections in fiscal year 2026, and by \$250 million in fiscal year 2027, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	(\$ 100,000)
FY 2027 -	(\$ 250,000)
FY 2028 -	(\$ 259,000)
FY 2029 -	(\$ 269,000)
FY 2030 -	(\$ 279,000)
FY 2031 -	(\$ 289,000)

Local Government, if applicable (cash basis, \$000):

FY 2026 -	\$ 80,000
FY 2027 -	\$ 250,000
FY 2028 -	\$ 259,000
FY 2029 -	\$ 269,000
FY 2030 -	\$ 279,000
FY 2031 -	\$ 289,000

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This estimate affects all jurisdictions.

FIRST YEAR COSTS:

The department will incur total costs of \$133,100 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.4 FTE.

- Set up, program and test computer system changes.
- Respond to data requests and questions, compile statistics, and manage data.

Object Costs - \$72,300.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will incur total costs of \$279,500 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 2.1 FTEs.

- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message

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and paper correspondence.

- Examine accounts and make corrections as necessary.
- Gathering requirements, attending implementation meetings, and documenting and testing system changes.
- Respond to data requests and questions, compile statistics, and manage data.

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$176,100 and include similar activities described in the second-year costs. Time and effort equate to 0.65 FTE in each year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.4	2.1	1.3	0.7	0.6
A-Salaries and Wages	38,900	176,800	215,700	114,400	105,000
B-Employee Benefits	14,000	63,700	77,700	41,200	37,800
C-Professional Service Contracts	72,300		72,300		
E-Goods and Other Services	6,300	30,800	37,100	18,100	16,800
J-Capital Outlays	1,600	8,200	9,800	2,400	2,200
Total \$	\$133,100	\$279,500	\$412,600	\$176,100	\$161,800

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
EXCISE TAX EX 3	66,012		0.5	0.3	0.1	0.1
EXCISE TAX EX 4	72,924		0.4	0.2	0.1	0.1
IT B A-JOURNEY	94,728		0.7	0.4	0.3	0.2
IT QA-JOURNEY	94,728		0.2	0.1	0.1	0.1
IT SYS ADM-JOURNEY	99,444	0.3		0.2		
TAX POLICY SP 3	91,068	0.1	0.1	0.1		
WMS BAND 2	101,410		0.2	0.1	0.1	0.1
Total FTEs		0.4	2.1	1.3	0.7	0.6

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1095 HB	Title: Law enforcement funding
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: increase in tax revenue and decrease in law enforcement personnel training costs
- ☒ Counties: increase in tax revenue and decrease in law enforcement personnel training costs
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: counties can impose the sales and use tax
- ☒ Key variables cannot be estimated with certainty at this time: how many recruits will be sent to the law enforcement training, how local governments would use the revenue

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	65,577,600	204,930,000	270,507,600	432,812,160	465,600,960
County	13,622,400	42,570,000	56,192,400	89,907,840	96,719,040
TOTAL \$	79,200,000	247,500,000	326,700,000	522,720,000	562,320,000
GRAND TOTAL \$	1,411,740,000				

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/29/2025
Leg. Committee Contact: Kristina King	Phone: 360-786-7190	Date: 01/27/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/29/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/20/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill authorizes cities and counties to impose a sales and use tax credited against the state sales and use tax for the purpose of attracting and retaining law enforcement officers.

Counties and cities are authorized to impose the sales and use tax as follows:

- counties and cities with a population of 50,000 or less may impose the sales and use tax beginning January 1, 2026
- counties and cities with a population between 50,000 and 175,000 may impose the sales and use tax beginning January 1, 2027
- remaining counties and cities may impose the sales and use tax beginning January 1, 2028

Under this bill, counties, cities, and state law enforcement agencies are no longer required to reimburse the Washington State Criminal Justice Training Commission for 25 percent of the cost of training law enforcement personnel.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

Under this bill, counties and cities are no longer required to reimburse the Washington State Criminal Justice Training Commission for 25 percent of the cost of training law enforcement personnel. Cities and counties were paying \$4,947 per recruit to attend the basic law enforcement training academy in fiscal year 2024 according to the Washington State Criminal Justice Training Commission. It is unknown how many recruits will be sent for training, but this bill would save cities and counties approximately \$4.4 million in total.

For jurisdictions imposing the new tax, at least 50 percent of the money received must be used solely for attracting and retaining additional commissioned law enforcement officers and the remaining amount in the current calendar year may be used for criminal justice purposes as defined in the bill. It is unknown how local governments would use this revenue, therefore those expenditures are indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

Under this bill, cities and counties can impose a sales and use tax credit against the state sales and use tax for the purpose of attracting and retaining law enforcement officers.

Counties and cities may impose the sales and use taxes as follows:

- Counties and cities with a population of 50,000 or less may impose the sales and use taxes by January 1, 2026
- Counties and cities with a population between 50,000 and 175,000 may impose the sales and use taxes by January 1, 2027
- All remaining counties and cities may impose the sales and use taxes by January 1, 2028

According to the Department of Revenue (DOR) this bill would increase local revenues by an estimated \$80 million in the four months of impacted collections in fiscal year 2026, and by \$250 million in fiscal year 2027, the first full year of impacted collections.

The bill credits the city tax against the county, so based on taxable retail sales, and the assumption that all cities and counties impose the tax:

- 17.2 percent would go to the counties
- 82.8 percent would go to the cities

This estimate assumes all local jurisdictions will impose this new state-shared tax. Please see the DOR fiscal note for a complete list of their data sources and assumptions.

REVENUE INCREASE BREAKDOWN
COUNTIES:

FY 2026 -	\$ 13,622,400
FY 2027 -	\$ 42,570,000
FY 2028 -	\$ 44,102,520
FY 2029 -	\$ 45,805,320
FY 2030 -	\$ 47,508,120
FY 2031 -	\$ 49,210,920

CITIES:

FY 2026 -	\$ 65,577,600
FY 2027 -	\$ 204,930,000
FY 2028 -	\$ 212,307,480
FY 2029 -	\$ 220,504,680
FY 2030 -	\$ 228,701,880
FY 2031 -	\$ 236,899,080

These figures are the estimated amounts that would be distributed to the counties and cities after the one percent DOR administrative fee has been deducted.

SOURCES:

- Association of Washington Cities
- Department of Revenue fiscal note, HB 1095 (2025)
- Local Government fiscal note, HB 2231 (2024)
- Washington State Association of Counties
- Washington State Criminal Justice Training Commission