



MEMORANDUM

To: Kurt Triplett, City Manager
From: Tracey Dunlap, Director of Finance and Administration
Tammy McCorkle, Budget Analyst
Date: September 21, 2010
Subject: King County 0.2 Percent Public Safety Sales Tax

In November 2010, King County is putting a sales tax measure on the ballot for residents of King County to vote on imposing an additional sales and use tax of 0.2% per RCW 82.14.450 for criminal justice, fire protection and other general governmental purposes. 0.1% would be in effect for 3 years and 0.1% would continue for 20 years. This would be in addition to the currently imposed sales and use tax. Forty percent of the additional revenue would be distributed to cities in King County, including Kirkland, on a per capita basis.

Should the measure pass, cities would be required per the authorizing RCW 82.14.450 to spend one-third of all the proceeds on criminal justice purposes, fire protection purposes, or both. Per RCW 82.14.340, Criminal justice purposes are defined as activities that substantially assist the criminal justice system and can include construction or expansion of jails and court facilities. Per King County Ordinance 2010-0365 the remaining two-thirds could be used for criminal justice, fire protection or other general governmental purposes.

Based on information provided by King County the following shows the estimated revenue the City of Kirkland would receive during the next biennium:

	2011	2012
1% in effect for 3 years	\$369,791	\$840,078
1% in effect for 20 years	\$369,791	\$840,078
Total	\$739,582	\$1,680,157

2012 would be the first full year of revenue and includes an assumed increase in population due to annexation of 33,000. Note that, there is no annexation-related revenue in 2011 because the apportionment is made based on the 4/1/2011 population.

The proposed sales tax would be time-limited revenue; in the event the sales tax proposal is passed by voters, the City Manager recommends the following uses:

- The 0.1% in effect for 3 years - fund the Public Safety Sinking Fund items which are identified in a separate issue paper.
- The 0.1% in effect for 20 years - used towards the debt service for the Public Safety Building.

Using the increased sales tax in these ways would free up some General Fund resources, the use of which would be determined as part of the budget deliberations if the tax passes.