



MEDINA, WASHINGTON

AGENDA BILL

Monday, March 23, 2026

Subject/Topic: HB2015 Public Safety Sales Tax	Proposed Council Action/Motion:
Dept. Origin: City Council	<input type="checkbox"/> Information Only
Category: City Business	<input type="checkbox"/> Receive and File
Prepared by: Jeff Swanson, City Manager	<input checked="" type="checkbox"/> Discuss
Attachments:	<input type="checkbox"/> Provide Direction
(1) HB2015 Levy Stabilization Forecast	<input type="checkbox"/> Public Hearing
(2) HB2015 Local Sales Tax Rate Comparison	<input type="checkbox"/> Adopt/Approve
	<input type="checkbox"/> Other:

Proposed Council Action

Conduct follow up discussion on HB2015 Public Safety Sales Tax March 9, 2026 adoption by City Council. Respond to questions and identify any further City action to be taken.

Summary

At the March 9, 2026 City Council Study Session and Regular Meeting Council considered an ordinance adopting a 0.1% Public Safety Sales Tax enabled by HB2015. Adoption of the sales tax is a prerequisite to eligibility for a three year, \$125,000 per year grant through the Criminal Justice Training Center (CJTC). The deadline for grant applications is March 31, 2026.

HB2015 sets out several qualifications for law enforcement agencies to be eligible for the CJTC grant. Among these are adoption of the Councilmanic 0.1% sales tax, which generates an additional restricted revenue source funding eligible law enforcement expenses such as personnel costs, corrections, mental health intervention services, and public defender costs.

Other requirements pertain to agency accreditation, and notably custody and corrections aspects of law enforcement, for which Medina partners with other, larger agencies. Although Medina met nearly all the criteria set out in HB2015, until recently these partner agencies did not, and Medina staff believed the City would not be eligible for the CJTC grant. The City learned in February 2026 that King County Corrections was recently able to meet the BH2015 criteria, and Chief Sass advised City Council at the February 23, 2026 City Council Regular Meeting during the City Manager's report of this late development, and indicated staff would bring the HB2015 sales tax ordinance for Council consideration March 9th. The March 31, 2026 CJTC grant application deadline drove the urgency of bringing this forward such that the funding opportunity would not be foreclosed to the City without Council's consideration.

During the City Council's discussion of the sales tax, several questions were raised for staff to subsequently respond to. Below are the questions raised and the information City staff researched

and assembled in response. This agenda item affords Council the opportunity to discuss and raise additional questions.

Council Priorities

This proposal furthers Council Priority 1,3 and 4.

- 1. Financial Stability and Accountability**
- 2. Quality Infrastructure
- 3. Efficient and Effective Government**
- 4. Public Safety and Health**
- 5. Neighborhood Character and Community Building

Budget/Fiscal Impact: Expected impact of HB2015 Public Safety Sales Tax

Current City Sales Tax Rate = 0.85%

Year	Gross Taxable Activity	Sales Tax Receipts
2022	\$ 221,605,176.47	\$ 1,883,644.00
2023	\$ 224,106,669.41	\$ 1,904,906.69
2024	\$ 240,305,500.00	\$ 2,042,596.75
2025	\$ 242,299,232.94	\$ 2,059,543.48
Budgeted 2026	\$ 238,235,294.12	\$ 2,025,000.00

Proposed Public Safety Sales Tax Under HB 2015

Incremental Tax Rate = 0.1%

Forecasted Incremental Revenue Assuming 2026 Budgeted Amount:

\$ 238,235.29

Total Annual Forecasted Sales Tax Receipts After Tax Implemented:

(Total City Sales Tax Rate = 0.95%)

\$ 2,263,235.29

(\$238,235.29 restricted to public safety uses)

Recommendation: Discuss questions from prior implementation of HB2015 Public Safety Sales Tax.

City Manager Approval: 

Proposed Council Motion: none.

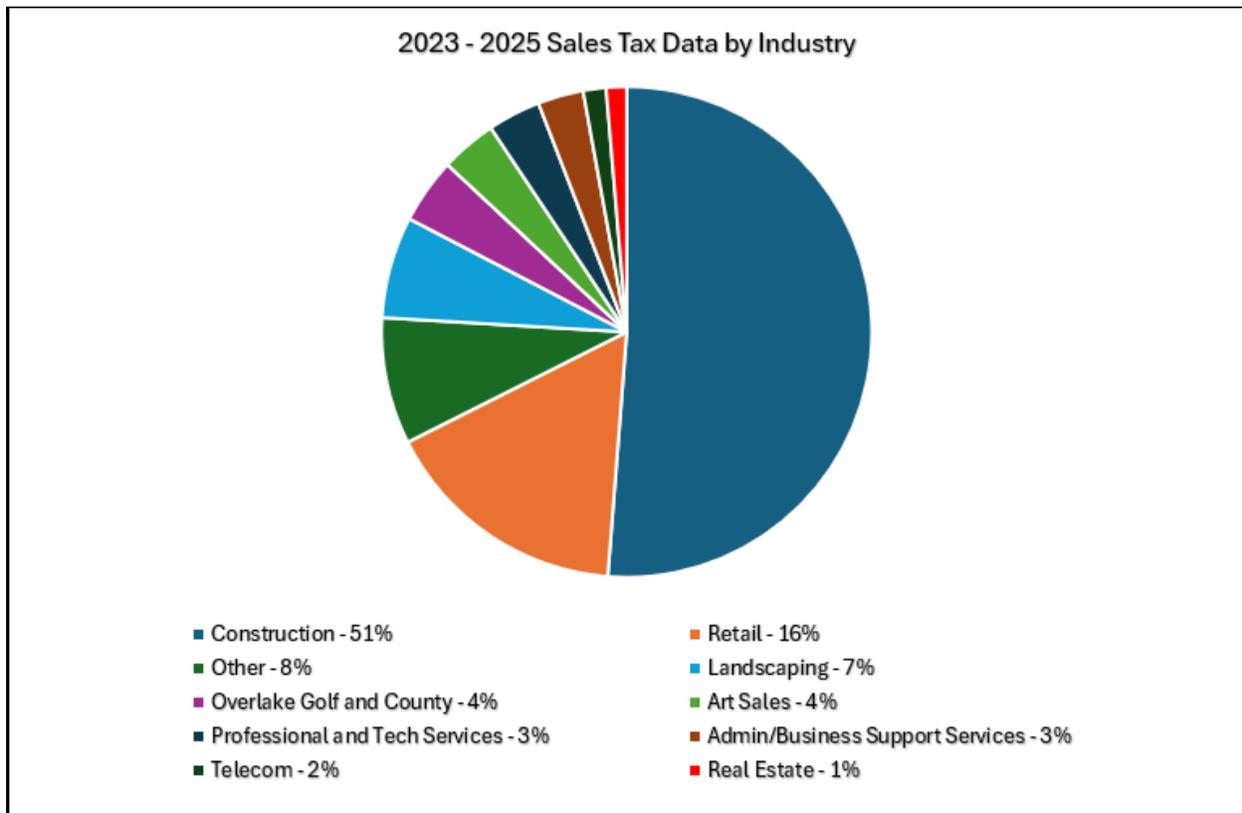
Background

Present a breakdown of where sales tax comes from in Medina (e.g. construction and development, retail, etc.).

2023-2025 Sales Tax Data by Industry

Industry	2023 Tax	2024 Tax	2025 Tax
Construction	\$ 1,038,990.74	\$ 1,097,365.63	\$ 963,598.54
Retail	\$ 308,466.57	\$ 332,141.75	\$ 348,438.99
Other	\$ 178,387.73	\$ 209,178.40	\$ 116,679.20
Landscaping	\$ 122,760.21	\$ 133,472.96	\$ 149,020.57
Overlake Golf and County	\$ 81,546.89	\$ 88,422.31	\$ 90,673.75
Art Sales	\$ 4,475.32	\$ 9,456.83	\$ 209,986.04
Professional and Tech Services	\$ 73,634.25	\$ 69,556.64	\$ 67,926.62
Admin/Business Support Services	\$ 59,365.47	\$ 63,120.62	\$ 59,776.21
Telecom	\$ 27,447.39	\$ 27,347.28	\$ 36,331.77
Real Estate	\$ 22,304.65	\$ 26,942.29	\$ 32,131.17
Total:	\$ 1,917,379.22	\$ 2,057,004.71	\$ 2,074,562.86

“Other” Category includes the Following – Agriculture, Utilities, Manufacturing, Wholesale, Transportation, Finance, Healthcare, Entertainment, Public Administrations



Can the sales tax revenues be used to pay for the contract with Bellevue Fire?

It can only be used for the behavioral health component of Bellevue Fire (assuming that is charged as a line item). So, Fire Cares could be paid for by this sales tax. We also have increasing costs for indigent defense which are only going to increase with the new defense standards that are not yet in effect. Those costs can be covered by the sales tax as well.

What is Hunts Point's share of the additional cost for the added position?

Hunts Point pays 13.3% of the Police budget (minus certain items that only apply to Medina). In this case 13% of \$200,000 would be approximately \$26K.

Year four (all else equal), what is our plan for ongoing funding for the position?

There are numerous options that can be considered:

- Economies of scale – taking on additional services for other cities would bring in additional resources to provide better and safer staffing model for the future of all cities. Cost reductions would be realized by all cities involved.
- Use the .1% sales tax increase to fund the position once grant funding (three years) is no longer available. It is possible the grant could get extended if funding is still available at the end of the HB2015 program period.
- In year three, a vacancy would not be filled if a funding source is not available.

What are other options to fund the position?

A variety of options (or combination of options) to fund the additional position exist depending on the policy preferences of the Council:

- One-time uses of fund balance reserves to balance the effect of the expense on the budget balance
- Councilmanic general fund revenue increases such as increasing utilities excise tax rates, 1% property tax levy increase, use of banked property tax levy capacity
- Voted general fund and restricted fund revenue increases such as a voted public safety sales tax, a transportation benefit district sales tax (creates revenue to supplant general fund subsidy to streets), property tax levy increase/lid lift
- Adoption of policies creating new restricted revenues to supplant general fund program subsidies (instituting a transportation benefit district, creating a stormwater utility)
- Offsetting reductions in programs, services, and related expenses

Could the Council reduce the general sales tax amount for the city by .1% to offset the increase that HB2015 brings?

Staff received the following in response to an inquiry directed to WA Dept. of Revenue:

“King County has imposed the maximum rate for both the regular and optional sales and use tax. If the City of Medina elected to pass an ordinance reducing the general sales tax for the city, the rate imposed within Medina would still stay at 10.4%. The County would receive 100% of the reduction, and the tax rate would not decrease.”

For reference, the following table shows the fiscal impact of reductions to the general sales tax revenue by an equivalent or fractional amount of the HB2015-related increase:

-0.10%	\$	(238,235.29)
-0.09%	\$	(214,411.76)
-0.08%	\$	(190,588.24)
-0.07%	\$	(166,764.71)
-0.06%	\$	(142,941.18)
-0.05%	\$	(119,117.65)
-0.04%	\$	(95,294.12)
-0.03%	\$	(71,470.59)
-0.02%	\$	(47,647.06)
-0.01%	\$	(23,823.53)

What is the per-resident cost of passing HB2015 to levy a public services sales tax increase of 0.1%?

For the average resident, the estimated annual sales tax increase would be \$16.30 per person. This would be the cost included if you included estimated revenue generated from the following industries (Retail, Administrative and Business Services, Entertainment and Healthcare).

For you want to include landscaping, the costs increase to \$22.01 per resident.

Please note 65% of total sales tax comes from the following categories, Construction, Manufacturing, Wholesale, Art Sales, Overlake Golf and Country, Real Estate and Telecommunications.

What is the expected effect of HB2015 Public Safety Sales Tax adoption on the City’s long range financial forecast?

See table showing forecast through 2035 for reference (HB2015 Levy Stabilization Forecast). All else equal with a single position add (partially grant funded in years one through three) the adoption of the HB2015 sales tax sustains the levy stabilization balance through 2035 as opposed to 2033 without.

How does Medina's local sales tax rate currently compare to the surrounding area jurisdictions?

See table showing comparison of local sales tax rates from WA DOR (HB2015 Local Sales Tax Rate Comparison). Note that after the HB2015 tax rate becomes effective the combined sales tax rate for Medina will increase to .104, up from the current rate of .103.