WHATCOM COUNTY
EXECUTIVE'S OFFICE
County Courthouse
311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082

Satpal Singh Sidhu
County Executive

Memorandum

To: Whatcom County Council

Through: Satpal Sidhu, County Executive

From: Kayla Schott-Bresler, Deputy Executive

CC: Jed Holmes, Public Affairs Manager
Randy Rydel, Finance Director
Donnell "Tank" Tanksley, Sheriff

Date: March 5, 2026

RE: Proposed One-Tenth of One Percent Sales Tax as Authorized by RCW 82.14.345 for Criminal Justice Purposes

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Background: In 2025, the Washington State Legislature passed HB 2015, allowing a new local option one-tenth of one percent sales tax for criminal justice purposes.

On February 24, 2026 the Whatcom County Council held a preliminary discussion on the new local option, with the understanding that the Executive would bring forth an Ordinance for Introduction on March 10, 2026. Please refer to the Executive Office February memo "Review of HB 2015 revenue opportunities" for additional background.

Proposed Ordinance: The enclosed ordinance authorizes the use of the one-tenth of one percent sales tax option and provides for the administration of the revenue through a new section, WCC 3.27. The proposed ordinance is designed to provide flexibility to the County Council to use the revenue for any of the criminal justice purpose authorized under RCW 82.14.345, all of which are important to our justice system. This allows for transparent spending decisions through the County's regular Biennial Budget process.

This structure recognizes that criminal justice system obligations will continue to outpace available revenue and ensures that this and future Councils can direct funding toward both existing unfunded commitments and emerging needs through a transparent, accountable process.

Rationale and Impacts Considered: Rising costs within the criminal justice system are driving general fund deficit spending, creating substantial pressure on the 2027-2028 budget process. Labor costs and inflation are difficult to curtail, and existing revenue sources are projected to grow slowly, not keeping pace with these costs. Further, the County has already initiated critical services — most notably expanded jail medical services — without a designated, sustainable revenue source. This revenue is needed, not to launch new programs, but to sustain obligations already underway and prevent a more rapid deterioration of the general fund trajectory.

As agents of the State, the County's tools to address this structural imbalance are quite limited.

This proposed revenue is critical to avoid significant staff and service cuts, though it is insufficient to fully cover projected cost increases. The 2026 Mid-Biennium Review budget was adopted with deficit spending to accommodate unavoidable cost increases — a one-time bridge. Absent a new revenue source to cover this deficit and projected 2027 labor cost increases, the Executive will ask all County departments to fully absorb these increases in the 2027-2028 budget, paving the way for across-the-board service reductions.

Financial projections completed at the time of the Mid-Biennium review demonstrate this deficit will continue to grow absent intervention on both revenue and expenses.

Sales Tax Impacts. The household-level impacts of a one-tenth-of-one-percent sales tax are difficult to estimate, given the variability of taxable purchases. A household at the median income would be likely to see direct impacts in the range of $25 – $45 annually. On a statewide basis, approximately 50% of sales and use taxes are paid by businesses, which are indirectly passed along to consumers.

Proposed 2027-2028 Spending Priorities: The County Administration proposes using this revenue (approx. $6.5-7M) to offset several unfunded operating obligations and public safety labor costs in the 2027-2028 budget:

- $3.8 million – Jail health and food services (Sheriff's Office)
- $750,000 – New office lease (Sheriff's Office)
- $2-2.5 million – Criminal justice labor costs (across several departments)

This revenue can be used to fund numerous county services and departments – Sheriff, District Court, Superior Court, Law Library, County Clerk, Prosecuting Attorney, Public Defense, WCHCS Response Services, and Medical Examiner.

In particular, public defense caseload standards are expected to have significant impact on the County budget by 2028, exceeding $1M in additional expenditures.

Furthermore, the Executive and Council will need to determine if they intend for each of these departments to absorb recently bargained COLAs, if this new revenue will be distributed amongst departments to absorb those impacts, or if services outside of the criminal justice system will be cut to accommodate increasing expenses in the criminal justice system.

Lastly, several of these departments have already articulated needs (e.g. Sheriff's Office accountant and frozen positions, juvenile detention staffing, district court judicial officer ratios, court clerk ratios, etc.) to the Executive's Office which should be evaluated and as part of the budget process.

With budget instructions set to be released at the end of March, the Council's discussion and consideration of this new revenue will significantly inform the fiscal environment and allocation targets for 2027-2028.