



**ORDINANCE NO. 28057**

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AN ORDINANCE relating to the tax code; amending Chapter 6A.70 of the Tacoma Municipal Code, entitled "Local Option Taxes," to impose an additional sales tax of one-tenth of one percent to fund the provision of mental health services, pursuant to RCW 82.14.460.

WHEREAS the City's current 2011-2012 budget projections indicate that biennium expenditures will exceed biennium revenues by approximately \$31 million, and

WHEREAS the City understands it must identify potential revenue sources to address the budget gap while retaining and protecting vital services, and

WHEREAS current investments in mental health and chemical dependency services are at risk due to current budget constraints, and

WHEREAS Chapter 6A.70 of the Tacoma Municipal Code ("TMC"), "Local Option Taxes," generally contains local taxes imposed and tax rates set by the City Council pursuant to Title 82 of the Revised Code of Washington, and

WHEREAS RCW 82.14.460 provides that any city with a population over 30,000 located in a county with a population over 800,000 may authorize, fix, and impose a sales and use tax for chemical dependency or mental health treatment services or therapeutic courts, so long as the county has not previously imposed such a tax, and

WHEREAS Pierce County has not imposed such a tax, and



1 WHEREAS RCW 82.14.460 further provides that revenue received through  
2 the tax must be used to fund programs that operate or deliver programs and  
3 services related to chemical dependency, mental health, and therapeutic courts,  
4 including, but not limited to, treatment services, case management, and housing,  
5 and

6 WHEREAS RCW 82.14.460 further provides that, in any city with a  
7 population over 30,000, revenue received through the tax may be used to supplant  
8 up to 50 percent of existing funding in 2012 for such programs and services, with  
9 10 percent decreases in the amount of existing funding that can be supplanted  
10 each year thereafter, and

11 WHEREAS those struggling with mental health and chemical dependency  
12 issues in our community are underserved in terms of programs and services, and

13 WHEREAS the proposed amendments to Chapter 6A.70 TMC will establish  
14 the new Sections 6A.70.045 and 6A.70.046 TMC that impose an additional retail  
15 sales tax of one-tenth of one percent, effective July 1, 2012, to address unmet  
16 community needs and fund programs and services in the City related to mental  
17 health, chemical dependency, and therapeutic courts, and

18 WHEREAS, pursuant to RCW 82.14.460, the City intends to use a  
19 portion of the revenue to supplant existing funding for such programs and  
20 services with revenue received through the proposed tax, to protect these vital  
21 services from existing financial constraints, and



1 WHEREAS the City further intends to propose future legislation establishing  
2 1.5 full-time equivalent special project positions to administer the programs related  
3 to mental health, chemical dependency, and therapeutic courts, and plans to fund  
4 said positions with revenue received through the proposed tax, and

5 WHEREAS the signed ordinance must be provided to the State of  
6 Washington, Department of Revenue by April 16, 2012, in order for the sales tax  
7 increase to be implemented by the beginning of the third quarter of 2012, and

8 WHEREAS City staff will conduct a mental health service needs  
9 assessment in the spring and summer of 2012, which will be used to develop  
10 strategies, priorities, and objectives, and

11  
12 WHEREAS the proposed amendments have been discussed and reviewed  
13 at the January 12, 2012, and January 26, 2012, Public Safety, Human Services,  
14 and Education Committee ("PSHSE") meetings, and received a "do pass" from the  
15 PSHSE at the January 26, 2012 meeting, and

16  
17 WHEREAS, the proposed amendments having been reviewed and  
18 approved by the PSHSE, and programs and services in the City related to mental  
19 health, chemical dependency, and therapeutic courts having been identified as  
20 funding priorities, the set of proposed changes to the local option taxes is now  
21 identified as a prudent potential revenue source; Now, Therefore,  
22



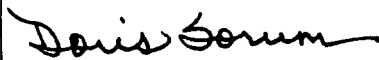
BE IT ORDAINED BY THE CITY OF TACOMA:

1 That Chapter 6A.70 of the Tacoma Municipal Code is hereby amended, as  
2 set forth in the attached Exhibit "A."  
3

4 Passed MAR 20 2012

5   
6 Mayor

7 Attest:

8   
9 City Clerk

10  
11 Approved as to form:

12   
13 Deputy City Attorney



EXHIBIT "A"

Chapter 6A.70

LOCAL OPTION TAXES

Sections:

- 6A.70.010 Sales or use tax – Imposition.
- 6A.70.020 Sales or use tax – Rate.
- 6A.70.030 Additional sales or use tax – Imposition.
- 6A.70.040 Additional sales or use tax – Rate.
- 6A.70.045 Additional sales or use tax for mental health treatment –Imposition.
- 6A.70.046 Additional sales or use tax for mental health treatment—Rate.
- 6A.70.050 Leasehold excise tax – Imposition.
- 6A.70.060 Leasehold excise tax – Rate.
- 6A.70.070 Leasehold excise tax – Exemptions.
- 6A.70.080 Real estate excise tax – Imposition.
- 6A.70.090 Real estate excise tax – Rate.
- 6A.70.100 Additional real estate excise tax – Imposition.
- 6A.70.110 Additional real estate excise tax – Rate.
- 6A.70.120 Administration and collection of taxes.
- 6A.70.130 Inspection of records.
- 6A.70.140 Contract with the state authorized.

\* \* \* \* \*

**6A.70.045 Additional sales or use tax for mental health treatment—Imposition.**

There is hereby imposed an additional sales or use tax, as the case may be, separate and apart from the tax referred to in Sections 6A.70.010, 6A.70.020, 6A.70.030 and 6A.70.040, as authorized by RCW 82.14.460(1)(b), upon every taxable event, as defined in RCW 82.14.020, occurring within the City. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to RCW 82.08 and 82.12. Moneys collected under this subchapter must be used solely, as required by RCW 82.14.460(3) and as hereinafter amended, for the purpose of providing for the operation or delivery of chemical dependency or mental health treatment programs and services and for the operation or delivery of therapeutic court programs and services.

**6A.70.046 Additional sales or use tax for mental health treatment—Rate.**

The rate of the tax imposed by Section 6A.70.045 of this chapter shall be one-tenth of one percent of the selling price or value of the article used, as the case may be.

\* \* \* \* \*



REQUEST FOR
[ ] ORDINANCE [ ] RESOLUTION

RECEIVED

Request #: 13217
Ord./Res. #: 28057

1. DATE: March 7, 2012

MAR 07 2012

2. SPONSORED BY: COUNCIL MEMBER(S) N/A (If no sponsor, enter "N/A")

CITY CLERK'S OFFICE

Form with fields: 3a. REQUESTING DEPARTMENT/DIVISION/PROGRAM, 3b. "DO PASS" FROM Public Safety, 3c. DID THIS ITEM GO BEFORE THE PUBLIC UTILITY BOARD?, 4a. CONTACT (for questions), 4b. Person Presenting, 4c. ATTORNEY.

5. REQUESTED COUNCIL DATE: March 13, 2012

PH jm

(If a specific council meeting date is required, explain why; i.e., grant application deadline, contract expiration date, required contract execution date, public notice or hearing required, etc.)

In order for the sales tax increase to be implemented by the beginning of the third quarter of 2012, the signed ordinance must be provided to the Department of Revenue by April 16, 2012.

6. SUMMARY AGENDA TITLE: (A concise sentence, as it will appear on the Council agenda.)

Amending Code Chapter 6A.70 of the Municipal Code Chapter 6A.70, relating to Local Option taxes, to impose an additional sale tax of 1/10th of 1% for mental health services pursuant to RCW 82.14.460.

7. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

Revenue received through this tax will be used to fund programs that operate or deliver programs and services for chemical dependency, mental health treatment services, and therapeutic courts in the city of Tacoma. Staff provided Council with information on this revenue alternative at the January 12 and January 26 Public Safety, Human Services, and Education Committee meetings. The Committee provided a "do pass" at the January 26 meeting. Staff plans to conduct a mental health service needs assessment in the late spring and summer. The needs assessment will be used to develop strategies, priorities and objectives.

Some of the funds from this revenue will be used to supplant current program funding pursuant to RCW 82.14.460.

A portion of this revenue is proposed to fund the salaries, benefits and retirement for 1.5 FTE to administer the program.

REQUEST (CONT)

CITY CLERK USE ONLY

Request #:	13217
Ord/Res #:	28057

**8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:**  
**Source Documents/Backup Material** **Location of Document**

- |                                       |   |
|---------------------------------------|---|
| 1) RCW. 82.14.460                     | All documents are on file in the City Clerk's Office. |
| 2) King County Progress Report        |   |
| 3) Mental Health FAQ                  |   |
| 4) Mental Health Sales Tax PowerPoint |   |

**9. WHICH OF THE CITY'S STRATEGIC GOALS DOES THIS ITEM SUPPORT? (CHECK THE GOAL THAT BEST APPLIES)**

- A.  A SAFE, CLEAN AND ATTRACTIVE COMMUNITY
- B.  A DIVERSE, PRODUCTIVE AND SUSTAINABLE ECONOMY
- C.  A HIGH-PERFORMING, OPEN AND ENGAGED GOVERNMENT

**10. IF THIS CONTRACT IS FOR AN AMOUNT OF \$200,000 OR LESS, EXPLAIN WHY IT NEEDS LEGISLATIVE APPROVAL:**

**11. FINANCIAL IMPACT:**     EXPENDITURE     REVENUE

- A.  NO IMPACT (NO FISCAL NOTE)
- B.  YES, OVER \$100,000, Fiscal Note Attached
- C.  YES, UNDER \$100,000, (NO FISCAL NOTE)  
Provide funding source information below:

**FUNDING SOURCE: (Enter amount of funding from each source)**

<b>Fund Number &amp; Name:</b>	<b>State \$</b>	<b>City \$</b>	<b>Other \$</b>	<b>Total Amount</b>
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**If an expenditure, is it budgeted?**     Yes     No    **Where? Cost Center:**  
**Acct #:**

CITY CLERK USE ONLY

Request #: **13217**  
 Ord/Res #: **28057**

**FISCAL NOTE**

Each piece of legislation that has a financial impact or creates positions authority requires a fiscal note. After preparation by departmental staff, the Budget and Research Division will review the fiscal note and make any necessary revisions before transmittal to the Legal Department for legislation preparation.

DEPARTMENT:	CONTACT PERSON/PHONE:	OMBA CONSULTANT/PHONE:
Human Rights and Human Services	Linda Villegas Bremer	

Is it currently budgeted?  Yes  No  
 Is this a grant?  Yes  No      If Yes,  Operating  Capital

**EXPENDITURES:**

FUND NAME & NUMBER *	COST CENTER	WBS	ACCOUNT	2011-2012 EXPENDITURES
<b>TOTAL</b>				

\* General Fund: Include Department

**Purpose:**

**REVENUES:**

FUND NAME & NUMBER	COST CENTER	WBS	ACCOUNT	2011-2012 REVENUES
Mental Health Fund				<b>\$1,275,500</b>
<b>TOTAL</b>				<b>\$1,275,500</b>

Notes: The Mental Health Fund will be a new fund established for the revenues of the sales tax increase. State law states that in 2012 only 50% of the total revenue can be used to supplant existing programs.

**POSITION IMPACT:**

POSITION TITLE	PERMANENT/PROJECT/TEMPORARY POSITION	POSITION END DATE	2012 FTE	FUTURE FTE
Program Development Specialist	Special Project	on-going	1	1
Office Assistant	Special Project	on-going	.5	.5

Total positions created or abrogated through this legislation, including FTE impact. FTE impact for temporary employees is estimated.



**FISCAL NOTE (CONT)**

**CITY CLERK USE ONLY**

Request #:	13217
Ord/Res #:	28057

**LONG-TERM FINANCIAL IMPACT OF LEGISLATION:**

<b>SPENDING PLAN &amp; BUDGET</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
Salaries/Benefits						
Start-up						
On-going						
Maintenance & Operations*						
Capital						
<b>TOTAL</b>						

<b>FUNDING SOURCE</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
Sales Tax Revenue		\$1,275,500	\$2,644,000	\$2,718,000	\$2,794,000	\$9,431,500
<b>TOTAL</b>		\$1,275,500	\$2,644,000	\$2,718,000	\$2,794,000	\$9,431,500

**The financial cost of not implementing the legislation:**

*Estimate the cost to the City if the legislation is not implemented, including the potential conflicts with regulatory requirements, cost avoidance, or other potential costs.*

**OTHER ISSUES:**

The revenue received through this tax can only be used to fund programs that operate or deliver programs and services for chemical dependency or mental health treatment services or therapeutic courts. "Programs and services" includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.

**\*NOTE:**

The numbers in this column provide estimated annual costs for professional services contracts with mental health experts.

Ordinance No. 28057

First Reading of Ordinance: MAR 13 2012

Final Reading of Ordinance: MAR 20 2012

Passed: MAR 20 2012

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Boe	✓			
Mr. Campbell	✓			
Mr. Fey	✓			
Mr. Ibsen	✓			
Mr. Lonergan	✓			
Mr. Mello	✓			
Ms. Walker	✓			
Ms. Woodards	✓			
Mayor Strickland	✓			

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Boe				
Mr. Campbell				
Mr. Fey				
Mr. Ibsen				
Mr. Lonergan				
Mr. Mello				
Ms. Walker				
Ms. Woodards				
Mayor Strickland				