

Use of Sales Tax to provide local funding for mental health and chemical dependency services expands across the State

Introduction

E2SSB-5763 was passed into law in 2005 to address increasing numbers of homeless persons with mental illness, high psychiatric inpatient hospitalization rates and limited local treatment options resulting in inappropriate use of jails and emergency rooms. It allows counties to exercise a one-tenth of one percent sales tax to support mental health and chemical dependency and therapeutic court services.

Findings

An initial report was completed in April, 2008.¹ A follow-up telephone survey of local officials and administrators in each county was conducted in early 2009 to assess further implementation of this tax. At this time, thirteen counties have passed the sales tax option and six additional counties are considering implementing the tax. All the new counties passed the measure directly without public vote and after public hearings showing strong support.

The following table shows actual and projected revenues for each of the thirteen counties. Actual revenues for eight counties that passed the tax before 2008 were almost \$46 million in 2008. Projected revenues for the five new counties are approximately \$18 million

¹ Strode, A.D. (2008), Final Report: Implementing E2SSB-5763 in Washington State Counties, Washington Institute for Mental Health Research and Training, WSU Spokane, March. <http://mhtransformation.wa.gov/pdf/mhtg/SSB-5763Report.pdf>.

for 2009. Planned services included alternative courts and an array of mental health and substance abuse treatment options.

Projected & Actual Annual Revenue

Successful Counties	Actual 2008 Revenues ²
Tax Passed Prior to 2008	
Clallam	\$1,040,021
Clark	\$5,327,486
Island	\$696,008
Jefferson	\$406,175
King	\$27,575,662
Okanogan	\$544,071
Skagit	\$2,415,805
Spokane	\$7,920,194
Total	\$45,925,422
Tax Passed in 2008	Estimated 2009 Revenues
San Juan	\$357,000
Snohomish	\$10,000,000
Thurston	\$4,000,000
Whatcom	\$3,600,000
Wahkiakum	\$21,000
Total Estimated Tax Revenue	\$17,621,000

Conclusions and Recommendations

All but three Western Washington counties passed the sales tax. Only two counties on the Eastside passed the tax, but four are working on it. All but one county passed the

² Washington State Department of Revenue, staff report provided to author, 2-4-09.

tax following public hearings expressing strong support. That county passed the tax a second time without going out to public vote.

Conservative anti-tax values play a role in hesitance to implement this tax in Eastern Washington. The twenty counties, not actively working on the tax provision, tend to be smaller and mostly in Eastern Washington where service populations are low, tax revenues are limited and conservative values discourage tax increases of any kind. Major budget reductions from the State to the Counties may change the political climate locally. The ability to supplant local services would enhance the chances of local governments supporting a sales tax for behavioral health services. Also, it would help those counties that already passed the tax to maintain their infrastructure needed to support new programs.

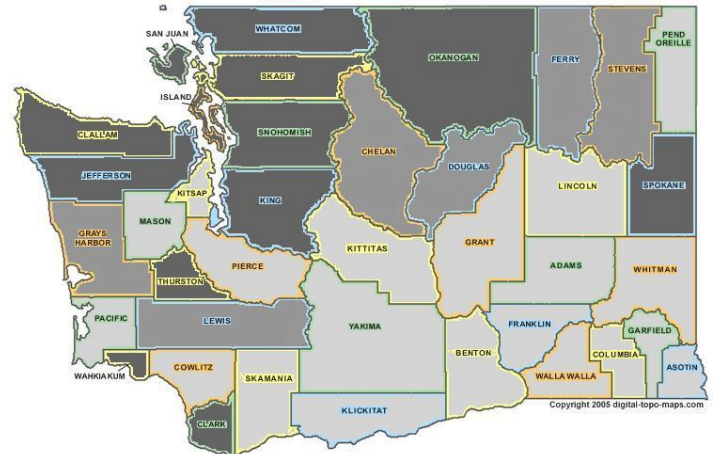
Author:

Anne D. Strobe, MSW, LICSW
 Research Associate
 Washington Institute for Mental Health
 Research and Training
 Washington State University Spokane

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Geographic Distribution of County Status



Key:

- Counties that have passed the sales tax.
- Counties working on passing the sales tax.
- All other counties.