

**Final Updated Report
Implementing E2SSB-5763
In Washington State Counties**

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Introduction

This report is an update to a 2008 report on the Implementation of E2SSB-5763 in Washington State.¹ Specifically, it focuses on Counties' successes for implementing a 1/10 of one-percent sales tax for mental health and chemical dependency services, therapeutic courts, and housing. RCW 82.14.460 spells out the Counties' authority to implement and use the tax. Details for this report were gathered from interviews conducted with key stakeholders in each county. Appendix I includes county summaries. A list of support documents on file is contained in Appendix II.

The Engrossed Second Substitute Senate Bill 5763 was passed into law in 2005. Its five major provisions include:

1. A requirement for additional chemical dependency treatment services for adults and children;
2. Establishment of a new "enhanced resources facility" to serve people with complex cases;
3. Provision for suspension rather than termination of Medicaid benefits during incarceration;
4. Authorization of three pilot projects to provide mental health and chemical dependency services; and
5. Authorization for counties to impose a 1/10 of one-percent sales tax to fund new mental health, chemical dependency or therapeutic court services.

An additional bill (SB-6791) clarified allowable uses for the tax revenues and included housing in the allowable expenditures.²

Three new related bills are before the legislature this year. Of these, SB-5301 sets a limit on the amount counties could use to supplant existing services and it includes a sunset provision indicating when the tax would end.³ Another bill (HB-1147)⁴ does not set a limit on the amount counties could supplant/redirect towards other purposes, and it does not contain a sunset provision. SB 5433⁵ does not set a limit on the amount counties could supplant or redirect towards other purposes. Also, it does not contain a sunset provision, and it would apply retroactively to October 2008. (Note: This was the status of pending legislation as of March 1, 2009).

The following map shows the status of all counties. Counties that have adopted the 1/10 of one percent sales tax include: Clallam, Clark, Island, Jefferson, King, Okanogan, San

¹ Strobe, 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>

² 6791- <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=6791&year=2007>

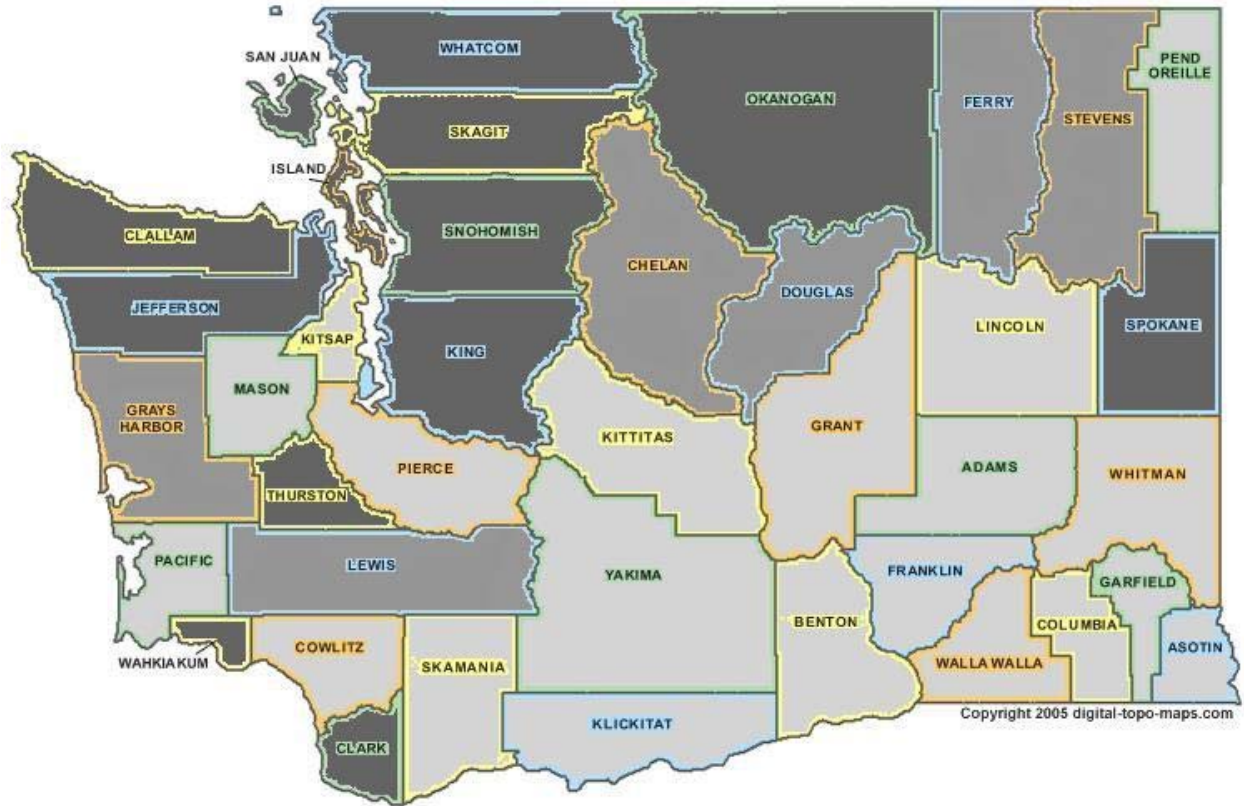
³ 5301- <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5301&year=2009>

⁴ 1147 <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1147&year=2009>

⁵ 5433- <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5433&year=2009>

Juan, Skagit, Snohomish, Spokane, Thurston, Wahkiakum and Whatcom. Counties now considering the sales tax include Chelan, Douglass, Ferry, Stevens, Grays Harbor and Lewis. The following map shows the status of each county.

Geographic Distribution of County Status



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

Why Counties Adopted the Measure

Last year, informants expressed interest in the tax measure as a way to augment Medicaid and State funding for mental health and chemical dependency programs. This year (2008) it became increasingly urgent to supplement State funding due to the huge budget deficit and consequential funding cuts at the local level. Clearly, increasing numbers of consumers seeking limited services and over crowding of jails and emergency rooms continued to drive stakeholders to seek solutions to funding program gaps. None of the newly taxed counties went to the voters for approval. Only Spokane County went to public vote on the tax. When the sunset clause was due, the County Commissioners passed the measure again. The clear need for and benefit of mental health and substance

abuse treatment has given county officials in these thirteen counties the confidence they need to approve the 1/10 of a percent tax increase.

Strategies Used to Adopt Measure

Most successful counties used seven common strategies to pass the sales tax.

1. A task force was organized by stakeholders and included a range of social service, law enforcement, court and education providers along with local citizens to work together to document local problems and solutions. It was important to show professional support across disciplines and to show general public support.
2. The best data available was used to communicate problems and estimate service delivery costs across systems, including: behavioral health, social services, local hospitals, law enforcement, court systems and schools.
3. Public support was gained by conducting meetings and using reports, fact sheets and the media to communicate information.
4. Public hearings were held to educate and gain support of the general public and the County officials.
5. An oversight committee was established to monitor expenditures and evaluate success of the programs funded by tax dollars.
6. Distribution of tax revenues across interest groups helped to gain their support.
7. It will be important to keep the community and the County officials apprised of program effectiveness and use of funds to ensure continued tax support.

Strategies used by all 13 counties are presented in Appendix I of this report. It includes an update for the original eight counties and details for the five new counties. The following summarizes the process used by the five counties that recently passed the tax.

San Juan County⁶ had key staff members coordinate the process and formed a dedicated core team task force including the courts, community services, law enforcement, the schools and service providers. The group oversaw the process, conducted surveys, reviewed data and held public meetings including representatives from Lopez, Orcas and San Juan Islands. Other successful counties were consulted. Direction from the County Council provided authority and credibility. The anticipated annual revenue is \$357,000. The ordinance was passed in a December, 2008 public hearing. Planned services include mental health services for the uninsured and in the schools and establishment of a family dependency court. They are preparing to develop an RFP process for new services.

⁶ San Juan County, Health and Community Services, Staff Report to County Council, Sept. 25, 2007.

Snohomish County's⁷ citizens expressed concerns about the many homeless mentally ill and chemically dependent people and lack of services for them. The Snohomish Human Services Department created and presented a plan to the Blue Ribbon Commission on Criminal Justice showing the need for and advantages to implementing a sales tax for citizens with mental health and substance abuse disorders. The seven member commission advised the Snohomish County Council on priorities to meet the diverse criminal justice and public safety needs of the County. The Commission presented the plan to the County Council in late February 2008 for review. The ordinance to support the tax was passed in December, 2008.

There were many community champions, including NAMI, the Mental Health and Substance Abuse Advisory Boards, and the treatment community. The projected revenue for 2008 was \$7-13 million depending on the economy. Fifteen program priorities for new funding were identified, including programs for prevention, treatment, housing and courts. Their next steps are to develop a detailed expenditure plan by April or May, 2009.

Thurston County statistics show over 80% of people who were arrested and booked in the County jail had mental illness and/or chemical dependency as a causal or contributing factor to their crime. The lack of state and local treatment resources jeopardizes the health of these individuals; and the economic and physical health of the entire community. The impact is substantial in the courts, the juvenile justice system, the jails, the schools, the public and behavioral health care systems and local businesses.⁸

The commissioners' vote to exercise the tax occurred after a public hearing in November 2008 where more than 20 people applauded what they called life-changing and cost-effective programs. No one testified against the tax increase.

The County plans to use the tax revenues to develop a way to assess all adult offenders taken to the jail, to restore and enhance in-custody treatment at the jail and possibly to expand drug court, which provides treatment in lieu of jail time.

The county expects to gain approximately \$3.5 - 4.0 million in revenue from the sales tax. No expenditure plan was available at the time this report was completed. By June 2009, a planning committee anticipates reviewing recommendations from the county staff before final approval is sought by County Commissioners. The county will collect, but not spend, the money until that time. An oversight committee will be responsible for ensuring the money is spent on effective programs.

⁷ Snohomish County Human Services Department, Sales Tax Initiative, October 18, 2007.
Schwarzen, C. (2007) Seattle Times, March 6, 2007,
[http://seattletimes.nwsource.com/html/localnews/2003602964_jail06m.html\(2-27-08\)](http://seattletimes.nwsource.com/html/localnews/2003602964_jail06m.html(2-27-08)).
Snohomish Co. website, Snohomish County Blue Ribbon Commission on Criminal Justice,
[http://www1.co.snohomish.wa.us/Departments/Council/blueribbon.htm\(2-28-08\)](http://www1.co.snohomish.wa.us/Departments/Council/blueribbon.htm(2-28-08)).

⁸ Thurston County, Treatment Sales Tax Action Plan, (2008) Thurston County Mental Health and Substance Abuse Prevention, Treatment, and Therapeutic Court Services Expansion", Nov. 3

Wahkiakum County was not on the list of Counties actively pursuing the sales tax during the study period last year. Stakeholders used our report to educate and convince Commissioners to pass the sales tax initiative even though it does not provide a lot of funding in this small County. They anticipate about \$21,000 in tax revenues and they plan to promote prevention, decrease stigmatization and support recovery based treatment.

Whatcom County⁹ had an initial meeting with lawmakers and officials to discuss and plan for initiation of the sales tax. Senator Dale Brandland was a local champion. Whatcom County Councilman Sam Crawford offered to facilitate meetings of the independent committee, chaired by Dac Jamison, a retired Bellingham police officer, and county administrator. Other participants included the Mental Health and Substance Abuse Advisory Boards, the local Health Department and a Superior Court judge.

Stakeholders developed a plan focusing on prevention and recovery¹⁰ and submitted it to the County Council. The purpose of the analysis was to identify strategies to maximize the return on criminal justice and behavioral health investments by increasing integration and coordination among behavioral health service systems. The County anticipated about \$3.6 million in revenues. Their next steps are to complete a community needs assessment and then to complete the Comprehensive Behavioral Health Plan.

As in the first year's report, counties successful in passing the tax had strong leadership and good data on needs, gaps in services and a plan for expenditures. They were able to project a significant cost benefit for the tax. They had a range of stakeholder's support including the law and justice community (law enforcement, prosecuting attorneys and court judges). They devoted significant effort to educating the service community and citizens at-large.

Local Champions

Local champions remained a key. While there was variation in leadership among the counties, clearly support across disciplines was a major factor of success. As expected, local champions tended to be the mental health and primary health providers, mental health and substance abuse advisory groups, law enforcement and the local superior and district court systems. NAMI and public officials served as champions in some counties.

Barriers/Challenges

The predominant challenge to gain support for passing the tax was compiling data to illustrate the cost benefit to the public and county commissioners. Champions needed to show how the tax would allow the service delivery system to more adequately serve those in need.

⁹ Taylor, Sam, Whatcom County considers increasing sales tax, Bellingham Herald, <http://www.bellinghamherald.com/102/story/93027.html> (2-14-08)

¹⁰ Whatcom County Health Department, (2008) Comprehensive Behavioral Health Plan, July.

New challenges for all counties were to adapt to the decreased revenues due to the local economy and major state cuts to local mental health and substance abuse programs. The state cuts threaten the infrastructure upon which many new programs are or will be based. Likewise, developing an evaluation plan and determining what data to collect and how to collect it were challenges, especially in larger counties with an extended service delivery system and multiple data sources.

Most Eastern Washington Counties continued to be against increasing the sales tax due to conservative values and other pressing needs for local taxes. Key informants from a couple of Counties, specifically Pierce and Yakima, mentioned that officials felt it was the State's responsibility, not the Counties, to pay for human services.

Many stakeholders are following the current legislative bills related to the use of the sales tax revenues. The inability to supplant existing services is causing hardship for all counties and many are looking to the Legislature to solve the problem this year.

Expenditure Plans for Successful Counties

The expenditure plans varied widely among counties and they changed over time even before the recent economic downturn. Substantial decreases in tax revenues this past year has forced counties to review their previous expenditure plans and scale down programs. Some Counties, such as King, were able to save money last year because of the lag time creating new programs. Since their new crisis response center is not on line they were able to save money there. However, the King County Council added new service strategies for the revenues adding additional claims to the funds. All counties are concerned there will not be enough funding to support existing programs which serve as the infrastructure for the new programs. Thus, the ability to use the tax revenues for existing programs has become quite important; many county officials are now following the bills regarding supplanting services with the tax revenues. Still, using tax dollars to supplant existing services will limit the amount for new programs.

Most expenditure plans demonstrate support across mental health, substance abuse, law enforcement and court systems. Detailed expenditures plans for some counties are on file. Several counties were developing or expanding their court system to include drug, mental health and family therapeutic courts. Others were expanding mental health services for co-occurring disorders and restoring services that were previously terminated. A few were planning to create new crisis response centers, but some have backed out due to the systemic challenges; such as medical clearances and interagency collaboration. The addition of housing to the list of allowable expenditures enabled some counties (Clark, King and Okanogan) to use tax funds to contribute to help create therapeutic housing. Some counties have funded prevention programs. (See Appendix I for details for each county.)

According to the Department of Revenue, actual revenues for the eight original counties that passed the sales tax ranged from approximately \$62,000 in Okanogan County to

\$28,000 million in King County in 2008.¹¹ These figures are lower than annual projected revenues due to less than one year's collection and the decrease in tax revenues in general. Much of the discrepancy is due to King County where revenues were lower generally, and tax collections did not span a full year.

Table I shows the projected and actual tax revenues for 2008. The Department of Revenue reported actual 2008 tax revenues of \$45,925,422. This was about \$22 million less than projected although three counties had higher than projected revenues. Anticipated revenues for the newly passed counties amounted to approximately \$18 million.

Table I
Projected Annual Revenue

Successful Counties	Projected 2008 Revenues	Actual 2008 Revenues¹²
Tax Passed Prior to 2008		
Clallam	\$1,000,000	\$1,040,021
Clark	\$6,400,000	\$5,327,486
Island	\$877,000	\$696,008
Jefferson	\$240,265	\$406,175
King	\$48,000,000	\$27,575,662
Okanogan	\$560,000	\$544,071
Skagit	\$2,500,000	\$2,415,805
Spokane	\$7,500,000	\$7,920,194
Total	\$67,077,265	\$45,925,422
Tax Passed in 2008	Estimated 2009 Revenues	
San Juan	\$357,000 ¹³	
Snohomish	\$10,000,000	
Thurston	\$4,000,000	
Whatcom	\$3,600,000	
Wahkiakum	\$21,000	
Total Estimated Tax Revenue	\$17,621,000	

Next Steps for Successful Counties

¹¹ Washington State Department of Revenue, Actual Taxes collected 2008, January, 2009.

¹² Washington State Department of Revenue, staff report provided to author, 2-4-09.

¹³ http://www.islandguardian.com/archives/MH_Tax-Staff_report.doc.pdf 1-28-09

Most of the counties indicated their next steps were to reassess their programs based on decreased revenues. Counties are continuing to bring more programs on line and assessing the type of data they need to evaluate the programs. Below is a brief summary for each County. More details are listed in Appendix I.

- Clallam County found there were many more benefits than challenges in implementing programs with the tax revenues. Having local control of the project structure was extremely helpful, especially for coordinating services and proving a continuum of care as part of co-occurring treatment. Newly designed services have helped people whose needs were not met with the previous service model. The fact that the projects were based locally and initiated at the request of the community made them more credible. The initial review of data, needs and recommendations of the community was very helpful. The CD/MH Advisory Board was very active in the entire process, including helping with the RFP review process, monitoring and evaluation of projects.
- Clark County is using their funds to promote adult, family and juvenile courts, housing, detox and their inpatient mental health program, Hotel Hope. They conducted an evaluation using an outside evaluator. Officially communicating the results of their evaluation and continued implementation are next steps.
- Island County's juvenile and adult courts and therapeutic family courts began in 2008. They anticipate the outreach program and vulnerable adult's program to begin soon. The program for uninsured and non-Medicaid program is planned for early spring, 2009.
- Jefferson County had to move quickly to keep their Codit program going when the non-profit corporation that was to operate it ceased to exist. They were able to adjust and are continuing to make program accommodations with less funding.
- King County found it took much longer than anticipated to obtain approval of their detailed oversight, implementation and evaluation plans before they were allowed to start new programs. The final approval came in October 2008. At this point, they have implemented about half of their strategies. They are beginning other programs and the evaluation process. However, a decline in sales tax revenues is forcing them to review their strategies to determine what they really can support with the decreased funds. Planning for a new crisis response center continues. They will be revising their plans in April. Their website contains periodic updates: www.kingcounty.gov/healthServices/MHSA/MIDDPlan.aspx.
- Okanogan County is preparing to break ground for a new housing project for their consumer population. Using a combination of funds, they were able to accomplish the housing goal, but had to step back from the crisis response center due to systemic problems. They were able to hire a therapeutic court coordinator. They started a family dependency treatment court, but found few clientele willing to take advantage of it.

- San Juan County is developing an RFP process for mental health services to school age children through the schools, and designing a program to provide access to mental health services to the uninsured.
- Skagit County is facing the challenge of identifying and collecting meaningful outcome measures for the programs. They are moving forward with the programs while determining outcome measures and methods as they go along.
- Snohomish County is preparing their expenditure plan which is due to be completed in April or May. They expect substantially reduced revenues from what were initially projected.
- Spokane County's sales tax revenue projection is down from \$ 7.5 million to \$7.0 million. Fifty-four (54%) of funding is dedicated to housing, 28% is being used for matching funds for additional Medicaid and it is dedicated to adult and children's Crisis and Outpatient Services. Mental Health Therapeutic Court, Drug Court, and Juvenile Services are funded at approximately \$1.0 million per year.
- Thurston County is working on a six month planning process to develop their program, expenditure and evaluation plans for the tax revenues. They are establishing an oversight committee.
- Wahkiakum County plans to use their tax revenues to enhance their behavioral health program, increase collaboration among providers, including law and justice, and expand assertive case management.
- Whatcom County is completing their community needs assessment and will have a forum on April 1, 2009 to identify programs and services for the revenues and their expenditure plan.

Counties Working to Pass a Sales Tax Provision

Six counties are actively working to gain support for passing a 1/10th of one-percent sales tax. Although implementation has generally been slower in Eastern Washington four of these six active counties are in the Eastern part of the State. Often small counties work together to form a more comprehensive behavioral health care delivery system. For example Chelan and Douglas Counties and Ferry and Stevens Counties work this way. The new counties working to pass the tax include: Chelan-Douglas, Ferry-Stevens, Grays Harbor and Lewis Counties. A summary of their progress follows below.

Chelan and Douglas Counties see insufficient resources are breaking down the mental health and substance abuse service system. Stakeholders presented issues to the Commissioners naming the current fiscal environment and inappropriate use of hospitals and jails for crisis stabilization as needs for alternative resources. Stakeholders would like

to develop a crisis response center. They anticipate approximately \$1.4 million a year in tax revenue. Their next step is to gain a response to their presentation from the County Commissioners.

Ferry and Stevens Counties pair with Lincoln County to provide many services. Lincoln has chosen not to move forward with the tax, whereas, Ferry and Stevens counties are proceeding. Financial problems at the State level are impacting local State and Federal health care funding and this will impact the local jail, as well. The recently renamed behavioral health center is the main driver in the tax provision. They anticipate approximately \$300,000 annually in revenue. Their next step is to educate the Commissioners on the local problems and how the tax revenue could help solve some problems.

Grays Harbor County has appointed a 20 member task force to produce a report with recommendations to the County Commissioners by June of 2009 to help guide their process. The task force studied our 2008 sales tax implementation report and collected materials from other counties that passed the measure. Their first meeting was in mid-March of this year. They project a tax would raise approximately \$1.0 million annually.

Lewis County plans to host a community awareness conference in April with the goal of producing a community service and expenditure plan for sales tax revenue. Coordination and collaboration is occurring at all levels of the delivery system. A relatively new Hispanic community is an important component of this plan. Commissioners are supportive of a tax if the stakeholders can show strong community support and collaboration among the various providers. Early projected revenues were \$600,000-800,000, but they are now expected to be lower.

Counties That Have Not Addressed the Sales Tax

Table 2 lists the twenty counties not actively pursuing sales tax at the time of this report. This list does not imply that counties are not working toward improving the mental health and substance abuse service, it either means no one responded to multiple email and phone inquiries, or they said their respective County was not moving forward on the tax.

Table 2
Counties That Have No Sales Tax Provision
For mental Health and Substance Abuse Services

Adams	Grant	Pend Oreille
Asotin	Kitsap ¹⁴	Pierce
Benton	Kittitas	Skamania
Columbia	Klickitat	Walla Walla
Cowlitz	Lincoln	Whitman
Franklin	Mason	Yakima
Garfield	Pacific	

Summary and Conclusions

Enactment of E2SSB-5763 has been gaining momentum especially on the west side of Washington State. Also, the dire State and Federal budget conditions are stimulating interest with the more conservative east side counties as a way to make up lost revenues. While revenues have been lower than projected, counties have still collected sizable sums for behavioral health and court services.

The first year of the new local sales tax option resulted in \$45,925,422 in actual taxes collected for mental health and substance abuse services for the eight counties that passed the tax before 2008. The five new counties project annual revenues of approximately \$18 million. All but one of the thirteen counties passed the tax directly without voter approval. Spokane County went to vote the first time and then County officials passed it a second time.

Counties are using their new revenues to support therapeutic and drug courts and other mental health and substance abuse services. Also, the funds have been used to contribute to major housing projects for the target populations.

Strong leadership, wide stakeholder support, good data on needs and cost benefits, coupled with well thought out expenditure plans across delivery systems gave county

¹⁴ Kitsap County has not formed any policy statements regarding the sales tax. The current economic recession and other property tax measures before the voters is a barrier to this tax. The non-supplant language was listed as a barrier in this county. However, there are local champions. The Behavioral Health Care Alliance with a broad spectrum of members is analyzing gaps in the service delivery system. They concluded an earlier identified need for a 16 bed medical based locked crisis triage center is not a top funding priority with the County. The group plans to reconvene in April to analyze the impact of the State budget cuts and determine whether there is a need to move forward to broaden a base of interest and support. Projected revenues are approximate \$2.0 - 2.4 million.

officials confidence of community's support for initiating a new service tax. Also, the loss of Federal and State revenues helped drive interest in the tax.

Stakeholders in at least six additional counties are working to pass the sales tax. Champions in these communities recognize the need for funds to address the mental health needs of the communities. They are solidifying working groups to gather and present relevant data, developing service plans and working to gain community support by educating Commissioners and citizens.

The twenty counties not actively working on the tax provision are mostly in Eastern Washington where service populations are low and conservative values limit tax increases of any kind are not popular. Yet, even in conservative Eastern Washington, counties are beginning to see the tax may be critical to funding local services. One county began to think about how to educate and convince Commissioners of the need when a popular summer program lost half of its funding.

A paragraph concluding the first year report still holds true for the twenty counties that have not passed the tax. Most of the Western Counties have passed the tax.

Statewide the implications of this legislation vary due to the size of population in need and revenue potential based on local sales tax estimates. Conservative political values play a role in hesitation to implement this tax. Unless the cost benefits are evident and local support is great, local commissioners will not take the political risk to support a new tax, especially without going to the voters. Elections cost time and money and further slow down the process of implementing the sales tax option. Many communities have other higher priority needs which place less emphasis on this bill at this time.¹⁵

Removal of all non-supplant language in legislation may help pass the tax in some counties. At a time where counties are struggling to maintain essential services, it is difficult to embrace a funding mechanism that can only be used to fund new and expanded services. The non-supplant language would also allow counties who have adopted the sales tax option to fund programs currently being eliminated due to state budget cuts.

¹⁵ 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>.