JULY 2026

2027 Budget Suggestions



MRSC

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2027 BUDGET SUGGESTIONS

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Contents

Introduction 1

Core Revenues 2

Property Taxes 2

Sales Taxes 2

B&O and Utility Taxes 3

Ballot Measure Planning 3

Economic Factors 4

National Economy 4

State Economy 4

Consumer Price Index 4

Implicit Price Deflator 5

Population Estimates 6

Legislation That May Affect Your Budget 7

New Tax Resources and Fund Flexibility – HB 2442 7

Sales Tax Exemptions for Live Presentations by Nonprofits – SB 6346 9

Initiatives on the Ballot 9

City and Town Budgets 10

2027 Budget Calendar – Cities and Towns 10

Budget Hearings – Cities and Towns 11

State Shared Revenues – Cities and Towns 12

County Budgets 22

2027 Budget Calendar – Counties 22

Budget Hearings – Counties 23

State Shared Revenues – Counties 24

Per Capita Shared Revenue Tables and Distribution Calendar 31

Budget Amendments 33

Introduction

MRSC's *Budget Suggestions* publication provides cities, towns, and counties with timely and relevant information to assist in budget development. The data and forecasts in this publication are obtained from various state and federal agencies.

Budget Suggestions has been published annually since 1943 – first by our predecessor organization, the Bureau of Government Research, and since 1970 under the MRSC name as one of our signature publications.

Budget Suggestions focuses primarily on state shared revenue forecasts, economic indicators, state legislative impacts, and proposed initiatives that may impact your budget forecast and development for the forthcoming year and beyond.

The MRSC website is another great resource for budget-related information. Throughout *Budget Suggestions*, there are links to our budget webpages for further information, as well as specific budgeting tools that are only available on our website. One example is the State Shared Revenue Estimator which allows users to click on their entity's name and automatically populate their state shared revenue projections for the upcoming year.

As part of the pre-budget process, we recommend that agencies review and update their financial policies to ensure they are still relevant and meet their needs and objectives. MRSC's Financial Policies Tool Kit is a great resource with areas such as fund balance, reserves, debt management, and cost allocation, as well as sample policies.

MRSC also publishes the City Revenue Guide and County Revenue Guide. These publications provide in-depth discussions of property taxes, sales taxes, excise taxes, and much more and can help jurisdictions better understand existing and potential revenue sources.

The MRSC website contains many additional budgeting resources including checklists, templates, and sample budget documents. All of MRSC's budgeting resources can be found at mrsc.org/budgeting.

Budget Suggestions is a team effort. Eric Lowell, Finance Consultant, is the primary author of this publication. Steve Hawley, Research and Communications Analyst, is the editor of the publication. Angela Mack, Brand and User Experience Designer, makes the publication look awesome. If you have any comments about this year's *Budget Suggestions* publication or our online budget resources, we would love to hear them. Please send your comments to Eric Lowell at elowell@mrsc.org.

Core Revenues

Property taxes and sales taxes are, for most cities and counties, the two largest revenue streams. Some cities also generate a significant amount of business & occupation (B&O) and utility tax revenues. While MRSC cannot forecast those revenues for you, we can point you toward resources to help you forecast these revenues within a reasonable margin of error.

Whatever your forecasting methodology, it is important to document the methodology and discuss it with your budget team.

For a detailed understanding of Washington's property tax, sales tax, B&O taxes, and other local revenue sources, download MRSC's City Revenue Guide and County Revenue Guide.

PROPERTY TAXES

The Department of Revenue (DOR) has created a property tax calendar for 2026 which explains the process, the various state and local entities responsible for its development, and when you may expect to receive important property tax forecasting information.

Your local county assessor plays a vital role in certifying the assessed valuations that will be used to set your levies for the upcoming year. Typically, the assessor will distribute property tax information during the second half of September each year. This information consists of assessed valuations, new construction valuations, and state utility valuations, as well as each jurisdiction's current levy amounts, levy rates, and maximum statutory levy rate. The county assessor will provide you with a levy limit worksheet specific to your jurisdiction that will form the basis of your property tax projection, and the assessor's office can also help you determine whether you have banked capacity available.

To see property tax and assessed valuation trends for all city and county general fund levies going back 10 years, as well as county road fund levies, see MRSC's Tax and Population Data webpage. For older data or other levies such as EMS or conservation futures levies, refer to the DOR Local Taxing District Levy Detail webpage.

Cities and counties of 10,000 population or greater will also have to pay attention to the implicit price deflator, which will officially be calculated on September 25. For a sneak peak, see our Implicit Price Deflator section later in this publication.

SALES TAXES

Sales tax revenues fluctuate depending upon local economic activity. To assist with your sales tax projections, it will be important to monitor actual sales tax revenues being reported and remitted to your entity. Cities and counties can access sales tax reports via the My DOR Partner Portal.

To see the last 10 years of annual sales tax distribution data for the "first half" and "second half" (general fund) sales taxes, see MRSC's Tax and Population Data webpage. Many jurisdictions have also imposed additional sales taxes that are restricted to certain purposes. Our webpage also includes a spreadsheet listing local sales tax rates and components, to help explain what portion of the local sales tax rate goes to which entity and what the money can be used for.

Last Page Viewed | Table of Contents

B&O AND UTILITY TAXES

When forecasting B&O and utility taxes, it is important to know whether local utilities are increasing their rates or whether local businesses are expanding or contracting. If your city/town does not impose a B&O or utility tax and is considering doing so, see MRSC's City Business and Occupation (B&O) Taxes and Utility Taxes webpages. These pages discuss procedures for adopting these taxes, as well as rate limits.

BALLOT MEASURE PLANNING

If your jurisdiction is considering a voted revenue increase in the next year or two, such as a levy lid lift, bond measure, or voted sales tax, you must plan ahead and keep the various statutory requirements and deadlines in mind (see RCW 29A.04.321 for counties and RCW 29A.04.330 for cities and towns). Below are the key statutory deadlines for upcoming elections; you may also refer to the Secretary of State's Elections Calendar.

Key Dates for Voted Revenue Increases

Election	Filing deadline	Election date	Approved sales tax changes take effect (RCW 82.14.055)	Approved property tax changes take effect (RCW 84.52.070)
2026 Primary	Already passed	August 4, 2026	January 1, 2027	2027
2026 General	August 4, 2026	November 3, 2026	April 1, 2027	2027
2027 Feb. Special	December 11, 2026	February 9, 2027	July 1, 2027	2028
2027 Apr. Special	February 26, 2027	April 27, 2027	January 1, 2028	2028
2027 Primary	April 30, 2027	August 3, 2027	January 1, 2028	2028
2027 General	August 3, 2027	November 2, 2027	April 1, 2028	2028

For more information on the ballot measure process – including election timing considerations, ballot titles, pro/con committees, validation (turnout) requirements, and more – see our webpage Local Government Ballot Measures.

Last Page Viewed | Table of Contents

Economic Factors

There are several economic factors that, for many, are instinctively incorporated into the budget forecasting process, especially if using judgmental forecasting and/or historical trend analyses. Economic conditions may have an impact on revenue projections, especially in jurisdictions that are heavily dependent upon retail sales tax.

Major components of economic modeling in the budget process include inflation, employment, population growth, and the prevalence or concentration of particular industries within the local jurisdiction.

NATIONAL ECONOMY

The U.S economy is expected to grow between 1.5-2.5% in real gross domestic product (GDP) in 2026 and between 1.6-2.2% in 2027. Unemployment is expected to fluctuate between 4.3-4.6% throughout 2026 and 2027. Consumer spending had already been impacted by higher cost of goods from tariffs instituted in 2025.

Consumers in 2026 are feeling further strain by negative real wage growth and rising energy costs resulting from conflict in the Middle East. Because inflation remains above the target of the Federal Reserve, the Fed has delayed cutting interest rates. While 30-year mortgage rates fell to just below 6.0% in February 2026, many forecasters believe mortgage rates will stay between 6.3-6.5% for the remainder of 2026 with relatively no change in 2027.

STATE ECONOMY

MRSC recommends a couple of resources for economic data and forecasting for Washington State, including the Washington State Economic and Revenue Forecast Council (ERFC) and the King County Office of Economic and Financial Analysis (KCOEFA). Both agencies produce several reports which include national data, but their focus is local.

According to data from the ERFC website, unemployment in Washington rose from 4.7% in December 2025 to 5.1% in April 2026. ERFC predicts unemployment to reach 5.3% in 2027. In its May 2026 report, KCOEFA states that Seattle-area consumer price inflation in 2026 is predicted to be 4.0% and 3.9% in 2027. ERFC predicts inflation to remain elevated for the near term as a result of higher energy prices.

ERFC in its June 2026 Revenue Review states that Real Estate Excise Tax (REET) collections have been lower than expected due to lower housing construction. EFRC has decreased its REET forecast for the current biennium and the 2027-2029 biennium. Seattle-area home prices are down 2.5% since 2025.

Since most economic data and forecasts are focused on more populous areas of the state, more rural local governments will need to analyze their own housing, employment, and tax revenue sources to develop a more realistic economic forecast for their area.

CONSUMER PRICE INDEX

The Consumer Price Index (CPI) is generally the most widely used measure of inflation. The CPI can impact local budgets in multiple ways, including:

- Statewide minimum wage and overtime salary thresholds for the coming year (announced September 30 and taking effect January 1);
- Cost-of-living adjustments and collective bargaining agreements;
- Pension adjustments; and
- Automatic increases for certain fees or revenue sources such as certain multi-year levy lid lifts or, for some jurisdictions, impact fees.

For more information on the CPI – including differences between the CPI-U and CPI-W indexes and the various geographic regions – see our Consumer Price Index webpage. For current data, see the Bureau of Labor Statistics Consumer Price Index Pacific Cities and U.S. City Average Data Tables.

We will release information on the new minimum wage rates and overtime salary thresholds in our e-newsletters after they are released on September 30.

IMPLICIT PRICE DEFLATOR

The IPD is published quarterly by the federal Bureau of Economic Analysis (BEA), with monthly revisions. Its primary importance to local governments in Washington is in setting property tax levies for the coming year.

Taxing districts with a population of 10,000 or more may increase their total annual levy amount by 1% or the percentage increase of the IPD, whichever is less (RCW 84.55.005). If the 12-month change in the IPD is less than 1% as of September 25, these taxing districts cannot take the full 1% levy increase unless they adopt an ordinance or resolution of "substantial need." (Taxing districts with a population under 10,000 are not impacted.)

Current IPD data can be found in the BEA National Income and Product Accounts (NIPA), Table 1.1.9 (see Line 2, Personal Consumption Expenditures).

It appears the IPD increase will be above 1% for 2026, which means cities and counties with a population of 10,000 or more should be able to increase next year's levy amounts the full 1% without declaring a substantial need.

On July 30, BEA released the first estimate of the Q2 2026 data, showing a preliminary 3.85% increase over Q2 2025. The Q2 2026 numbers will be revised again on August 26, but the revisions should be inconsequential.

When the official IPD figure is available on September 25, we will publish it on our Implicit Price Deflator webpage as well as in our e-newsletters.

Population Estimates

Population estimates are of particular importance to cities, towns, and counties, as they not only indicate whether the population is growing and how quickly, but they also form the basis for the distribution of many state shared revenues.

The Office of Financial Management (OFM) is responsible for determining populations of all cities, towns, and counties every year as of April 1. Those estimates are certified to the secretary of state on or before July 1 and distributed to the state agencies responsible for making allocations or payments to local governments. The updated distribution rates then take effect on January 1 of the following year.

According to OFM's April 1 population estimates, here is the state's recent population change:

Year	Total Population	% Change	Incorporated Population	% Change	Unincorporated Population	% Change
2023	7,951,150	1.1%	5,222,265	1.3%	2,728,885	0.8%
2024	8,035,700	1.1%	5,288,492	1.3%	2,747,208	0.7%
2025	8,115,100	1.0%	5,350,840	1.2%	2,764,260	0.6%
2026	**8,176,300**	**0.8%**	**5,396,145**	**0.8%**	**2,780,155**	**0.6%**

You can view your jurisdiction's current population and recent changes at the OFM website linked above. For a summary of where population growth has been occurring, including natural increase vs. migration and maps showing population growth by county, see the OFM press release.

In addition, OFM makes quarterly adjustments for any new annexations (see OFM's Central Annexation Tracking System). Cities that annex qualify for state shared revenue distributions on their new population base starting the first day of the quarter after the effective date of the OFM-approved annexation. Distributions for other cities, towns, and counties may be adjusted slightly each quarter as a result, but the overall impact on per capita distribution rates should be minimal.

Legislation That May Affect Your Budget

NEW TAX RESOURCES AND FUND FLEXIBILITY – HB 2442

HB 2442 provides a couple of new tax options for cities and counties as well as greater flexibility with others. Here is a breakdown of the changes made by this bill:

Levy Lid Lifts

Beginning July 1, 2026, HB 2442 increases the maximum length of time of a levy lid lift. A "single-year" levy lid lift can now reset the levy rate for two consecutive years, while a "multi-year" levy lid lift can exceed the 101% levy limit for a maximum of 10 years, up from the previous maximum of six.

For more information, see our blog post Significant Changes Coming to Levy Lid Lifts in 2026.

Children and Family Services Sales Tax – New

Beginning January 1, 2027, cities and counties can impose the new children and family services sales tax up to 0.01%. It is important to note that while many sales tax components are in one-tenth of one percent (0.1%) increments, the children and family services sales tax is one one-hundredth of one percent (0.01%).

To enact the new sales tax, a city or county must pass an ordinance or resolution imposing it; voter approval is not required. Revenues are restricted to providing services that assist children and their families. Eligible services include:

- Childcare;
- Before- and after-school care that addresses mental, health, social, and behavior issues, as well as perinatal support services;
- Shelter and rental assistance; and
- Client transportation.

If both the city and county impose the children and family services sales tax, the county must credit its tax so that the total tax collected does not exceed 0.01%.

County Public Health Clinic Property Tax Levy – New

Beginning July 1, 2026, HB 2442 gives counties the ability to impose a public health clinic levy up to a $0.05 per $1,000 in assessed value, but the funds generated can only be used for operation, maintenance, and capital expenses of public health clinics.

This new property tax levy can either be levied as part of the county's regular property tax levy or as a separate property tax levy, independent of the regular property tax.

A 'public health clinic' can be a fixed or mobile publicly operated site that provides low-barrier public health services, including:

Last Page Viewed Table of Contents

- Primary, dental, and reproductive health care;
- Treatment, control, and prevention of communicable diseases, substance use disorders, and other health conditions;
- Maternal, infant, child, and family health and nutrition;
- Behavioral health care;
- Assistance with health care enrollment; and
- Access and referrals to other community services

REET

Effective July 1, 2026, HB 2442 now allows REET 2 (and by extension REET 1) to be used for the abatement of nuisance properties.

Housing and Related Services Sales Tax

The revenues from the housing and related services sales tax (RCW 82.14.530) can be used for affordable housing and facilities that provide housing-related programs.

Beginning July 1, 2026, HB 2442 expands uses of these revenues to "rehabilitating existing affordable housing, which may include emergency, transitional, and supportive housing."

A portion of the housing and related services sales tax can now also be used for rental assistance to people of certain population groups at or below 60% of the median income of the county imposing the tax. Such population groups include:

- People with behavioral health disabilities;
- Veterans;
- Senior citizens;
- People who are homeless or at risk of being homeless (including families)
- Unaccompanied homeless youth or young adults;
- People with disabilities; and
- Domestic violence survivors

County Rental Car Sales Tax Can Be Used for Criminal Justice

Counties can impose a sales tax on retail car rentals under RCW 82.14.049. Previously, the sales tax could only be used for certain sports facilities and youth or amateur sporting activities or facilities. Beginning July 1, 2026, the rental car sales tax can now also be used for criminal justice purposes as defined in RCW 82.14.345, describing these as "activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice and behavioral health systems occurs."

Some examples listed in the statute include:

- Domestic violence services, such as those provided by domestic violence programs, community advocates, and legal advocates, as those terms are defined in RCW 70.123.020;
- Staffing adequate public defenders to provide appropriate defense for individuals;
- Diversion programs;
- Reentry work for inmates;
- Local government programs that have a reasonable relationship to reducing the numbers of people interacting with the criminal justice system including, but not limited to, reducing homelessness or improving behavioral health;
- Community placements for juvenile offenders; and
- Community outreach and assistance programs, alternative response programs, and mental health crisis response including, but not limited to, the recovery navigator program.

Veterans' Assistance Levy and Mental Health and Developmental Disabilities Assistance Levy

Counties can impose a veterans' assistance property tax levy (RCW 73.08.080) and a mental health and developmental disabilities assistance property tax levy (RCW 71.20.110). These levies were previously part of a county's regular property tax levy. Beginning July 1, 2026, HB 2442 allows these specific property tax levies to be levied separately from the county's regular property tax levy without having to reduce the regular levy. Additionally, these levies are not impacted by the $5.90 aggregate levy rate limit.

SALES TAX EXEMPTIONS FOR LIVE PRESENTATIONS BY NONPROFITS – SB 6346

In 2025, SB 5814 made live presentations subject to sales tax. Beginning July 1, 2026, SB 6346 exempts live presentations by 501 (c) nonprofits from sales and use tax. While this change might not have a big impact on many local government budgets, local governments should be aware of this change.

INITIATIVES ON THE BALLOT

There are no initiatives on the ballot this year that have a direct impact on direct revenue sources of cities, towns, or counties. The only initiative on the ballot that deals with taxes is Initiative IP26-645 which seeks to repeal the upcoming 9.9% state tax on income over $1 million and prohibit taxes measured by income. If passed, this initiative would not directly impact local budgets, although there could be indirect impacts depending on the impacts to the state budget and the legislature's response.

City and Town Budgets

2027 BUDGET CALENDAR – CITIES AND TOWNS

The annual budget preparation procedures and deadlines for cities are found in chapter 35A.33 RCW (code cities) and chapter 35.33 RCW (all other cities and towns except Seattle) and outlined below. For cities that budget on a biennial basis, the current biennium is 2027-2028.

Most of the pre-budget items listed below are recommendations only and are not required by statute. The rest of the items are based on statutory deadlines; cities and towns can take these steps earlier than listed or adopt different deadlines for some of these steps by ordinance or charter. Budgeting frequently requires more time than anticipated, so we encourage cities and towns to start the budget process early to allow sufficient time for budget retreats, strategic planning sessions, internal meetings, and public hearings.

For examples of budget preparation calendars adopted by cities and towns, see our webpage City and Town Budget Calendars. For a detailed explanation of the budget requirements, as well as some helpful practice tips, see our webpage City and Town Budget Procedures.

March—August	**Pre-Budget Items** Council retreat. Update and/or adopt financial policies. Public hearings for capital facility plan updates. Public forums or community outreach (ex: community priorities). Mayor/Manager communicates budget objectives to staff.
September	**Sept 14** Budget request to all department heads. **Sept 14–28** Department heads prepare estimates of revenues and expenditures. Clerk prepares estimates for debt service and all other estimates. **Sept 25** Implicit price deflator calculated (cities of 10,000+ population only) **Sept 28** Budget estimates from department heads filed with clerk.
October	**Oct 1** Clerk provides estimates filed by department heads to Mayor/Manager showing complete financial program. **Oct 5** Mayor/Manager provides Council with estimates of revenues from all sources including estimates prepared by clerk for consideration of setting property tax levy. **Mid-October to Mid-November (suggested)** Required public hearing on revenue sources including possible increases in property tax.
November	**Nov 2** Mayor/Manager prepares preliminary budget and budget message. Files with clerk and council. **Nov 1–18** Publication notice of preliminary budget and final hearing. **Nov 1–25** Public hearing(s) on preliminary budget. Public hearing on revenue sources for levy setting. **Nov 20** Copies of budget available to public **Nov 30** Property tax levies set by ordinance and filed with the county
December	**Dec 7** Final budget hearing. **Dec 31** Budget adoption deadline.

Last Page Viewed | Table of Contents

BUDGET HEARINGS – CITIES AND TOWNS

By MRSC's analysis, each city or town must hold at least three public hearings during the budget preparation process. The minimum statutory requirements are addressed below, but please note that some cities may have adopted additional public hearing requirements by policy.

Public Hearing #1: Property Taxes/Revenue Sources. See RCW 84.55.120. The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues, prior to the property tax certification deadline, which is November 30. After the hearing, a city/town may choose to pass an ordinance at the same meeting establishing the property tax levy in terms of total dollars and percent increase from the previous year. This ordinance may cover a period up to two years, but in practice most jurisdictions – even biennial budget jurisdictions – hold a revenue hearing every year.

Because of the importance of revenue forecasting as a precursor to presenting a structurally balanced budget, we suggest that the property tax hearing precede the preliminary budget hearing (see below). This would place the property tax hearing sometime between mid-October and mid-November.

Notices must be placed in the official newspaper of the city/town prior to the public hearing. While the statute does not specifically address the length of time prior to the hearing that notice must be given, it is our recommendation that notice be provided no later than one week prior to the public hearing to ensure that the statutory intent and underlying purpose of notice is reasonably fulfilled.

Public Hearing #2: Preliminary Budget Hearing. See RCW 35.33.057/RCW 35A.33.055 (annual budgets) and RCW 35.34.090/RCW 35A.34.090 (biennial budgets).

The legislative body, or a committee thereof, must schedule preliminary "hearings on the budget or parts thereof" *prior* to the final budget hearing, which must be on or before the first Monday in December, and may require the presence of department heads to give information regarding estimates and programs. Public notice is required, but beyond the requirement to publish in the official newspaper of the city/town there are no additional publication requirements stated in statute. However, as with the property tax hearing, we recommend a minimum of one week's publication notice.

Since the statutory language references "hearings" as plural, it has long been MRSC's opinion that more than one preliminary budget hearing is required. However, since the statute also states that the hearings may be "on the budget or parts thereof," we also conclude that cities and towns may count the property tax/revenue hearing outlined above as one of the required preliminary hearings. This means cities and towns must hold at least one preliminary budget hearing in addition to the property tax/revenue hearing.

Public Hearing #3: Final Budget Hearing. See RCW 35.33.071/RCW 35A.33.070 (annual budgets) and RCW 35.34.110/RCW 35A.34.110 (biennial budgets). The final budget hearing must begin on or before the first Monday in December (December 7 this year) and may continue from day-to-day beyond the first Monday but it must conclude no later than December 7 (the 25th day prior to the next fiscal year).

Notice of the final budget hearing must be published once a week for two consecutive weeks in the official newspaper. See RCW 35.33.061/RCW 35A.33.060 (annual budgets) and RCW 35.34.100/RCW 35A.34.100 (biennial budgets). The timing of this notice can be challenging for those cities and towns that have an official newspaper with less than a daily release schedule, so careful planning is required.

STATE SHARED REVENUES – CITIES AND TOWNS

The State of Washington distributes a number of "state shared revenues" to cities and towns. Some of these revenues are distributed to all cities and towns on a population (per capita) basis, while others are based on different factors and/or are only distributed to jurisdictions that meet certain criteria.

Forecasting state shared revenues can be somewhat tricky. First, the state fiscal year begins July 1 and ends June 30, while all cities and towns in Washington use a calendar year budget (January 1 to December 31).

Secondly, the state legislature can change distributions during any legislative session. When creating long-range forecasts, remember that these resources are potentially vulnerable, and carefully monitor legislative session updates provided by the Association of Washington Cities (AWC). Legislation can and often does impact shared revenue distributions halfway through the local government budget year.

And finally, some of the revenue distributions can vary significantly from year to year based on certain formulas, economic activity, and other factors.

We have provided our best estimates of the state shared revenue distributions for 2027 and 2028 based on the 2025-2027 state biennial budget (July 1, 2025 to June 30, 2027) and state economic and revenue forecasts. For those distributions that are done on a strictly per capita basis, we have provided per capita estimates (see the Per Capita Shared Revenue Tables and Distribution Calendar near the end of this publication). You can also view the total estimated per capita distributions, tailored to your specific jurisdiction, in our online State Shared Revenue Estimator.

Cannabis (Marijuana) Excise Tax

The state's cannabis taxation collections and distribution are codified in RCW 69.50.530-.540. A portion of the revenues are shared with cities and counties under RCW 69.30.540.

The state distributes a portion of the cannabis excise taxes to the Liquor and Cannabis Board (LCB) and various state agencies and programs on a quarterly basis. Local governments then receive 5% of the remaining revenues after deductions. The local government revenues are divided as follows:

- **Retail share:** 30% (1.5% of the total distribution after deductions) goes to cities and counties where retailers are physically located. This amount is prorated based on the share of total revenues generated and taxes collected.
- **Per capita share:** 70% (3.5% of the total distribution after deductions) goes to cities and counties that do not prohibit cannabis siting. This amount is distributed on a per capita basis. Cities receive 40% of this revenue while counties receive the remaining 60%.

Payments are distributed four times per year on the last day of each fiscal quarter (September 30, December 31, March 31, and June 30). The State Treasurer's Office distributes both the "per capita" and "retail" shares together using the same BARS code.

The forecast information on the next page is based on the June 2026 ERFC economic and revenue forecast (see Table 3.18) and can help project future receipts after that point.

Due to the various factors that can impact the allocation of the shares of the cannabis excise tax (changes in cities and counties that prohibit cannabis businesses, number and location of retailers, etc.) MRSC cannot forecast what individual jurisdictions can expect to receive. We recommend factoring these percentage increases into the calculations you make for your jurisdiction using your historical data and accounting for any changes in cannabis retail sales within your jurisdiction's boundaries.

Estimated Cannabis Excise Tax Distributions to CITIES AND COUNTIES COMBINED*		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 19,824,263	-8.0%
2026 Revised Estimate	$ 19,160,500	-3.3%
2027 Estimate	$ 19,126,000	-0.2%
2028 Estimate	$ 19,222,000	0.5%

*Includes both "retail" and "per capita" shares.

City Assistance Distributions

The State of Washington imposes a real estate excise tax (REET) on each sale of real property (RCW 82.45.060), in addition to any local taxes.

1.4% of the state REET is deposited into the city-county assistance account (RCW 43.08.290) to provide assistance for certain cities and counties that meet the statutory qualifications (see the formulas in the table below). Half of these funds are distributed to cities and the other half to counties.

These funds were originally intended to mitigate the loss of the motor vehicle excise tax (MVET) that was distributed to local governments as a means of equalization of sales tax. The formula used to allocate city funding is based on a sales and property tax equalization formula and the 2005 MVET backfill levels. The maximum distribution for any eligible city was originally capped at $100,000, to be increased each year by the increase in the July implicit price deflator (IPD) for personal consumption expenditures. The 2026 cap for cities is $150,441.

The Department of Revenue (DOR) must "certify" the amounts to be distributed – that is, how much money each county and each eligible city *should* receive according to the formula – each year.

When the real estate market is very active, there are frequently enough state REET revenues for cities to receive most or all of their certified amounts according to the formulas on the next page. Any excess city assistance revenues are then distributed proportionately based on population among those cities and towns that have qualified for city-county assistance and impose the full "second half-cent" of the sales and use tax under RCW 82.14.030(2).

However, when the market is less active there will not be enough REET revenues for cities to receive their full certified amounts, in which case the distributions will be reduced proportionately.

Last Page Viewed | Table of Contents

City Assistance Distributions	
City/Town Population	Distribution Formula
5,000 or less *Only eligible if per capita assessed value is less than 2x the statewide average for all cities*	**Greater of** • 55% sales tax equalization on "first half" local sales tax; • 55% property tax equalization based on per capita assessed values (per $1,000 AV); or • 2005 MVET backfill. *Not to exceed $150,441 (in 2026)*
Greater than 5,000 *Only eligible if per capita assessed value is less than the statewide average for all cities*	**Greater of** • 50% sales tax equalization on "first half" local sales tax; or • 55% property tax equalization based on per capita assessed values (per $1,000 AV) *Not to exceed $150,441 (in 2026)*

Any city that incorporates after August 1, 2005 is not eligible for funding.

Information on the City-County Assistance distributions can be found on the Department of Revenue (DOR) City-County Assistance webpage. To see your city's 2026 certified amounts, click on "2026 City and County Distributions." These spreadsheets show the amounts for which each city and county was certified in 2025. For budgeting purposes, it is important to note that "January 1" distributions are actually made in December of the preceding year.

The preliminary estimates for City-County Assistance distributions in 2027 will be available in September. They will be posted on the DOR City-County Assistance webpage under "2027 City and County Distribution Estimates."

City-County Assistance Distribution Certification and Payment Dates				
		Statutory Date for Distribution	Actual Payment Date *last business day of month*	Certification Date
2026 Budget	1st Quarter	April 1, 2026	March 2026	October 1, 2025
	2nd Quarter	July 1, 2026	June 2026	October 1, 2025
	3rd Quarter	October 1, 2026	September 2026	October 1, 2025
	4th Quarter	January 1, 2027	December 2026	October 1, 2026
2027 Budget	1st Quarter	April 1, 2027	March 2027	October 1, 2026
	2nd Quarter	July 1, 2027	June 2027	October 1, 2026
	3rd Quarter	October 1, 2027	September 2027	October 1, 2026
	4th Quarter	January 1, 2028	December 2027	October 1, 2027

Last Page Viewed | Table of Contents

Estimated City-County Assistance Fund Distributions to CITIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 10,992,198	12.9%
2026 Revised Estimate	$ 10,784,803	-1.3%
2027 Estimate	$ 11,426,065	5.9%
2028 Estimate	$ 11,970,015	4.8%

Editor's Note: The real estate excise tax revenues and forecasts are the work of Richard Dadzie of the Washington State Economic and Revenue Forecast Council (ERFC).

Criminal Justice Revenues

There are two separate criminal justice distributions for cities, created by RCW 82.14.320 and 82.14.330. Each program originally (in state fiscal year 2000) appropriated a total of $4.6 million, to be increased each July by the "fiscal growth factor."

The distribution in RCW 82.14.320 is reserved for cities with high crime rates, while the distribution in RCW 82.14.330 is subdivided into four different programs:

- Population (16%)
- Special Programs (54%)
- Contracted Services (10%)
- Violent Crime (20%)

Below is a summary of all these distribution programs, after state budgetary deductions for the state patrol.

High Crime

Criminal justice revenues created by RCW 82.14.320 – the "Criminal Justice – High Crime" distributions – are distributed to cities and towns with a crime rate over 125% of the annual statewide average that also meet certain other statutory criteria. The cities that may qualify for these funds know who they are and are aware of the challenges they have in forecasting these revenues.

Estimated Criminal Justice High Crime Distributions – CITIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 13,767,703	6.2%
2026 Revised Estimate	$ 14,639,042	6.3%
2027 Estimate	$ 15,614,496	6.7%
2028 Estimate	$ 16,630,229	6.5%

Last Page Viewed | Table of Contents

Population

"Criminal Justice – Population" revenues are distributed to all cities and towns on a per capita basis, with each city receiving a minimum of $1,000 per calendar year no matter how small its population.

Estimated Criminal Justice Population Distributions – CITIES

Calendar Year	Total Distribution	% Change from Previous Year	Per Capita
2025 Actual	$ 2,202,832	6.2%	$ 0.40*
2026 Revised Estimate	$ 2,342,247	6.3%	$ 0.42*
2027 Estimate	$ 2,498,319	6.7%	$ 0.45*
2028 Estimate	$ 2,660,837	6.5%	$ 0.48*

*Minimum distribution of $1,000 per calendar year regardless of population.

Special Programs

"Criminal Justice – Special Programs" revenues are distributed to all cities and towns on a strictly per capita basis to be used for innovative law enforcement strategies, programs to help at-risk children or child abuse victims, and programs to reduce the level of domestic violence or to provide counseling for domestic violence victims. While these funds must be spent in these specific areas, there is no requirement for how much must be spent in each area. The city's entire distribution could be spent in only one of these areas if the city wishes.

Estimated Criminal Justice Special Programs Distributions – CITIES

Calendar Year	Total Distribution	% Change from Previous Year	Per Capita
2025 Actual	$ 7,434,559	6.2%	$ 1.41
2026 Revised Estimate	$ 7,905,083	6.3%	$ 1.48
2027 Estimate	$ 8,431,828	6.7%	$ 1.56
2028 Estimate	$ 8,980,324	6.5%	$ 1.66

Contracted Services

"Criminal Justice – Contracted Services" revenues are distributed to cities that contract with another governmental agency for the majority of their law enforcement services. Cities that qualify for this distribution must notify the Department of Commerce November 30, 2026, to receive 2027 distributions. Cities are responsible for notifying Commerce of any changes regarding these contractual relationships. However, any cities that are added to or removed from this list will only impact distributions for the next calendar year, and no adjustments will be made retroactively.

Last Page Viewed | Table of Contents

Estimated Criminal Justice Contracted Services Distributions – CITIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 1,376,770	6.2%
2026 Revised Estimate	$ 1,463,904	6.3%
2027 Estimate	$ 1,561,450	6.7%
2028 Estimate	$ 1,663,023	6.5%

Violent Crime

"Criminal Justice – Violent Crime" revenues are distributed to cities with a three-year average violent crime rate (per 1,000 population) above 150% of the three-year statewide average. No city may receive more than $1.00 per capita.

Estimated Criminal Justice Violent Crimes Distributions – CITIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 2,753,541	6.2%
2026 Revised Estimate	$ 2,927,808	6.3%
2027 Estimate	$ 3,122,899	6.7%
2028 Estimate	$ 3,326,046	6.5%

Fire Insurance Premium Tax

RCW 41.16.050 requires each municipality with a regularly organized full-time fire department with paid firefighters to establish a firefighters' pension fund. This fund is to consist of all bequests, gifts, or donations given or paid to the municipality for the firefighters' pension fund; a proportional share of the state tax on fire insurance premiums; property taxes collected under the provisions of RCW 41.16.060; interest on the investments of the fund; and any contributions made by firefighters themselves.

The state collects a 2% tax on the premiums of all insurance policies written. Of the tax collected on fire policies and the fire component of homeowner's and commercial multi-peril policies, 25% is distributed to cities and fire districts that have firefighters' pension funds.

The moneys received from the tax on fire insurance premiums under RCW 41.16.050 are distributed to those cities and fire districts with a pre-LEOFF firefighters' pension fund based on their proportionate number of paid firefighters – a calculation known as the "ratio value." Each year, on or before January 15, cities and fire districts must certify to the State Treasurer their number of paid firefighters. The Office of Insurance Commissioner (OIC) must certify the fire insurance premiums collected between April 1 and March 31 and remit the funds to the State Treasurer's office by May 15th. These funds are then distributed to the reporting jurisdictions by the end of May each year based upon the calculated ratio value of insurance premiums/firefighters.

Below are our estimates for fire insurance premium distributions based on projections from the Washington State Office of the Insurance Commissioner. The actual figures for 2027 will be calculated next year based on the number of paid firefighters reported, fire insurance loss experience, and premiums paid.

Estimated Fire Insurance Premium Tax Distributions – CITIES

Calendar Year	Total Distribution	Number of Paid Firefighters	Ratio Value per Paid Firefighter	% Change from Previous Year
2025 Actual	$ 8,467,309	5,174	$ 1,637	15.9%
2026 Actual	$ 9,161,967	5,133	$ 1,785	8.2%
2027 Estimate	$ 9,711,685	5,133	$ 1,862	6.0%
2028 Estimate	$ 10,294,386	5,133	$ 2,006	6.0%

Liquor Revenues

Liquor revenues have two separate distributions that are received at different times. There is a state shared distribution from the liquor revolving account for licensing fees (this is referred to by the state and others as "liquor profits"), and there is a distribution from the liquor excise tax account that represents a portion of the excise tax collected on liquor sales. The total distribution from liquor profits is the same each year, while the total distribution for liquor excise taxes varies depending on actual liquor sales.

Liquor Excise Taxes

The formula works as follows:

1. 35% of liquor excise tax collected is deposited in the "liquor excise tax fund" for distribution to cities, towns, and counties (RCW 82.08.160(1)).
2. $2.5 million each quarter ($10 million a year) is deducted from the liquor excise tax fund and remitted to the state general fund (RCW 82.08.170(3)).
3. Of the remaining amount, 80% is distributed to cities (based on population) and 20% is distributed to counties (based on unincorporated population).

Below are projections based on the June 2025 ERFC report. It's important to note that the distributions to cities and counties occur with a lag of one quarter after the collections are made by the state. This difference in timing makes state estimates and our estimates hard to compare. When comparing distributions by the state treasurer's office to the ERFC forecasts there is usually a variation of plus or minus 2%.

Editor's Note: The liquor excise tax forecasts are the work of Tyler Humphries of the Washington State Economic and Revenue Forecast Council (ERFC).

Estimated Liquor Excise Tax Distributions – CITIES			
Calendar Year	**Total Distribution**	**% Change from Previous Year**	**Per Capita**
2025 Actual	$ 35,520,647	-1.5%	$ 6.72
2026 Revised Estimate	$ 33,711,060	-5.1%	$ 6.30
2027 Estimate	$ 33,664,260	-0.1%	$ 6.24
2028 Estimate	$ 33,960,056	0.9%	$ 6.27

Liquor Profits

Initiative 1183 in 2011 privatized liquor sales in Washington and changed the types of liquor revenues collected by the state. The state now collects revenue in the form of license fees from distributors and retailers, rather than profits from the state-run liquor stores. However, the Liquor and Cannabis Board (LCB) continues to call these funds "liquor profits." A portion of these collections go to cities, counties, and border jurisdictions. Codified as RCW 66.24.065, it reads:

> The distribution of spirits license fees under RCW 66.24.630 and 66.24.055 through the liquor revolving fund to border areas, counties, cities, towns, and [MRSC] must be made in a manner that provides that each category of recipients receive, in the aggregate, no less than it received from the liquor revolving fund during comparable periods prior to December 8, 2011. An additional distribution of ten million dollars per year from the spirits license fees must be provided to border areas, counties, cities, and towns through the liquor revolving fund for the purpose of enhancing public safety programs.

The "comparable periods prior to December 8, 2011" were determined by the Office of Financial Management (OFM) to be December 2010, March 2011, July 2011, and September 2011. The liquor profit revenue for cities, counties, and border areas for those four quarters was $39,438,000. To this amount, LCB adds the $10 million to enhance public safety programs for a total liquor profits distribution of $49,438,000 each year. Of that amount, 0.3%, which equals $148,314, is distributed to border cities and counties based on traffic totals, crime statistics, and per capita law enforcement spending. The remaining $49,289,686 is distributed as follows:

- Cities receive 80%, or $39,431,749 annually, distributed proportionately by population.
- Counties receive 20%, or $9,857,937 annually, distributed proportionately by unincorporated population.

As noted in the statute, $10 million of the $49,438,000 – just under 20.23% – must be spent on "enhancing public safety programs." We recommend that each city or town split its distribution so that it can account separately for the portion that must be spent on public safety. In addition, at least 2% of your distribution must be used for a licensed or certified alcohol or drug addiction program under RCW 71.24.555.

When forecasting liquor profits beyond next year's budget it's important to note that the total city and town distributions will remain the same from year to year unless the legislature amends the statute. The initiative did not include any measures to account for inflation. The per capita ratio values will vary slightly each year due to population changes.

Estimated Liquor Profits Distributions – CITIES			
Calendar Year	**Total Distribution***	**% Change from Previous Year**	**Per Capita**
2025 Actual	$ 39,431,749	—	$ 7.37
2026 Revised Estimate	$ 39,431,749	—	$ 7.33
2027 Estimate	$ 39,431,749	—	$ 7.31
2028 Estimate	$ 39,431,749	—	$ 7.28

*Plus additional distribution for border areas.

Transportation Distributions

All cities and towns receive three separate transportation distributions. The first is the motor vehicle fuel tax (MVFT), which is distributed as a percentage of the total fuel taxes collected statewide. The other two, the "increased motor vehicle fuel tax" and "multi-modal" distributions, were created in 2015 and consist of direct transfers from the state transportation fund, so those allocations are not impacted by actual fuel tax collections.

MVFT and increased MVFT distributions must be used for highway purposes, while the multi-modal funds may be used for any transportation purpose.

Reminder: RCW 47.30.050 requires cities and towns to spend at least 0.42% of their MVFT funds each year on pedestrian, equestrian, or bicycle trails, unless 0.42% would amount to $500 or less. In other words, this requirement applies to any city that receives approximately $119,047 or more in MVFT revenue per year. Cities and towns also have the option to place these dedicated funds in a capital reserve or special revenue fund to accumulate the resources, so long as the funds are used for paths or trails within a 10-year time frame.

Motor Vehicle Fuel Tax

Cities and towns receive MVFT distributions on a per capita basis under RCW 46.68.090(2)(g), (4)(a), and (5)(a), less state adjustments found in RCW 46.68.110(1) and (2) and the Small City Pavement and Sidewalk account.

Fuel taxes in Washington are assessed as cents per gallon, so motor vehicle fuel tax (MVFT) revenues – and therefore the MVFT distributions to cities and counties – depend on the number of gallons sold, not the dollar value of the sales.

It is important to note that unexpected events that disrupt the transportation system can significantly reduce gas tax collections, as they have in the past with major snowstorms and the COVID-19 pandemic.

Estimated Gas Tax (MVFT) Distributions – CITIES			
Calendar Year	**Total Distribution**	**% Change from Previous Year**	**Per Capita**
2025 Actual	$ 83,559,640	-3.5%	$15.80
2026 Revised Estimate	$ 89,023,630	6.5%	$16.64
2027 Estimate	$ 86,664,658	-2.6%	$16.06
2028 Estimate	$ 88,117,795	1.7%	$16.26

Increased Motor Vehicle Fuel Tax and Multi-Modal Funds

In addition to the monthly gas tax distributions, cities and towns receive a share of the multi-modal funds and the 2015 increase in fuel tax (RCW 46.68.126). This legislation provides a flat amount of over $25 million annually to counties, cities, and towns, allocated as follows:

- Increased MVFT: $11,719,000 per year
- Multi-modal funds: $13,393,000 per year

These revenues are split equally between cities and counties and are not impacted by actual fuel sales. The total distribution amounts remain the same every year unless the legislature were to change them. City distributions are based on population; the per capita ratios will vary slightly each year due to population changes.

Estimated Increased MVFT Distributions – CITIES			
Calendar Year	**Total Distribution**	**% Change from Previous Year**	**Per Capita**
2025 Actual	$ 5,859,500	—	$1.11
2026 Revised Estimate	$ 5,859,500	—	$1.10
2027 Estimate	$ 5,859,500	—	$1.09
2028 Estimate	$ 5,859,500	—	$1.08

Estimated Multi-Modal Distributions – CITIES			
Calendar Year	**Total Distribution**	**% Change from Previous Year**	**Per Capita**
2025 Actual	$ 6,696,599	—	$1.27
2026 Revised Estimate	$ 6,696,599	—	$1.25
2027 Estimate	$ 6,696,599	—	$1.24
2028 Estimate	$ 6,696,599	—	$1.24

County Budgets

2027 BUDGET CALENDAR – COUNTIES

The budget preparation procedures and deadlines for counties are found in chapter 36.40 RCW and outlined below. The initial procedures and requirements are the same for both annual and biennial budgets, with biennial jurisdictions required to conduct a mid-biennium review and adjustment the following year. (For more information, see our page on Biennial Budgeting.)

Most of the pre-budget items listed below are recommendations only and are not required by statute. The rest of the items are statutory deadlines; the board of commissioners may alter the dates for some of these budget processes to conform to the optional alternative preliminary budget hearing date in December (RCW 36.40.071). Many counties have adopted alternative dates. Budgeting frequently requires more time than anticipated, so we encourage counties to start the budget process early to allow sufficient time for budget retreats, strategic planning sessions, internal meetings, and public hearings.

For examples of budget preparation calendars adopted by counties, see our webpage County Budget Calendars. For a detailed explanation of the budget requirements, as well as some helpful practice tips, see our webpage County Budget Procedures.

March—June	**Pre-Budget Items** Strategic planning sessions to develop goals and priorities. Update and/or adopt financial policies. Public hearings for capital facility plan updates for GMA planning counties. Capital improvement plan updates for partially planning GMA counties. Communicate budget objectives to county departments and elected offices.
July	**July 13*** County auditor or chief financial officer (CFO) notifies all officials of the request for budget.
August	**Before Aug 10*** Auditor or CFO prepares estimates for debt service and all other estimates not called for in the notification to officials. **Aug 10*** Budget estimates from all officials filed with auditor or CFO.
September	**Sept 1*** Preliminary county budget prepared by auditor or CFO is submitted to the commissioners. **Sept 21*** Notice of public hearing on budget and tax levies. Copies of budget available to the public. **Sept 25** Implicit price deflator calculated (counties of 10,000+ population only).
October	**Oct 5*** Final budget hearing by board of commissioners.
December	**Dec 7** Alternate final budget hearing on preliminary budget; deadline to certify to assessor next year's property taxes levied on behalf of other taxing districts (such as fire districts). **Dec 15** Deadline to certify to assessor next year's property tax levies for county purposes. **Dec 31** Budget adoption deadline.

* Dates may be altered if county is using alternate budget calendar

Last Page Viewed | Table of Contents

BUDGET HEARINGS – COUNTIES

By MRSC's analysis, each county must hold at least two public hearings during the budget process. The minimum statutory requirements are addressed below, but please note that some counties may have adopted additional public hearing requirements by policy.

Public Hearing #1: Property Taxes/Revenue Sources. See RCW 84.55.120. The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues, prior to the property tax certification deadline, which is now December 15, and prior to the final budget hearing.

Notice is required in the county's official newspaper. While the statute does not specifically address the length of time prior to the hearing that notice must be given, it is our recommendation that notice be provided no later than one week prior to the public hearing to ensure that the statutory intent and underlying purpose of the notice is reasonably fulfilled.

After the hearing, a county may choose to pass an ordinance at the same meeting establishing the property tax levy in terms of total dollars and percent increase from the previous year. This ordinance may cover a period up to two years, but in practice most jurisdictions – even biennial budget jurisdictions – hold a revenue hearing every year.

Public Hearing #2: Final Budget Hearing. See RCW 36.40.070/RCW 36.40.071. The legislative body must meet on the first Monday in October, or alternatively the first Monday in December if using the alternate budget dates, for the budget hearing. Officials in charge of county offices, departments, services, and institutions must appear at the hearing and may, at the appropriate time, be questioned concerning their budget estimates by the commissioners or any taxpayer.

The hearing may be continued from day-to-day but may not exceed a total of five days. Upon conclusion of the hearing, the legislative body must fix and determine each budget item separately and must adopt the budget by resolution.

Notice of the final budget hearing must be published once a week for two consecutive weeks, immediately following adoption of the preliminary budget, in the county's official newspaper (RCW 36.40.060). The timing of this notice can be challenging for those counties that have an official newspaper with less than a daily release schedule, so careful planning is required.

Mid-Biennium Adjustments

RCW 36.40.250 provides counties with the authority to adopt a biennial budget and states that there must be a "mid-biennium review and modification for the second year of the biennium." However, the statute goes on to state that "[t]he state auditor shall establish requirements for preparing and adopting the mid-biennium review and modification for the second year of the biennium."

The State Auditor's Office provides limited guidance through its BARS manuals for the budget process and there are no additional requirements or guidance for the mid-biennium review. MRSC recommends that those counties with a biennial budget follow the same requirements as outlined earlier for cities.

STATE SHARED REVENUES – COUNTIES

The State of Washington distributes a number of "state shared revenues" to counties. Some of these revenues are distributed to all counties on a population (per capita) basis, while others are based on different factors and/or are only distributed to jurisdictions that meet certain criteria.

Forecasting state shared revenues can be somewhat tricky. First, the state fiscal year begins July 1 and ends June 30, while all counties in Washington use a calendar year budget (January 1 to December 31).

Secondly, the state legislature can change distributions during any legislative session. When creating long-range forecasts, remember that these resources are potentially vulnerable, and carefully monitor legislative session updates provided by the Washington State Association of Counties (WSAC). Legislation can and often does impact shared revenue distributions halfway through the local government budget year.

And finally, some of the revenue distributions can vary significantly from year to year based on certain formulas, economic activity, and other factors.

We have provided our best estimates of the state shared revenue distributions for 2027 and 2028 based on the 2025-2027 state biennial budget (July 1, 2025 to June 30, 2027) and state economic and revenue forecasts. For those distributions that are done on a strictly per capita basis, we have provided per capita estimates (see the Per Capita Shared Revenue Tables and Distribution Calendar near the end of this publication). You can also view the total estimated per capita distributions, tailored to your specific jurisdiction, in our online State Shared Revenue Estimator.

Cannabis (Marijuana) Excise Tax

The state's cannabis taxation collections and distribution are codified in RCW 69.50.530-.540. A portion of the revenues are shared with cities and counties under RCW 69.30.540.

The state distributes a portion of the cannabis excise taxes to the Liquor and Cannabis Board (LCB) and various state agencies and programs on a quarterly basis. Local governments then receive 5% of the remaining revenues after deductions. The local government revenues are divided as follows:

- **Retail share:** 30% (1.5% of the total distribution after deductions) goes to cities and counties where retailers are physically located. This amount is prorated based on the share of total revenues generated and taxes collected.
- **Per capita share:** 70% (3.5% of the total distribution after deductions) goes to cities and counties that do not prohibit cannabis siting. This amount is distributed on a per capita basis. Cities receive 40% of this revenue while counties receive the remaining 60%.

Payments are distributed four times per year on the last day of each fiscal quarter (September 30, December 31, March 31, and June 30). The State Treasurer's Office distributes both the "per capita" and "retail" shares together using the same BARS code.

The forecast information on the next page is based on the June 2026 ERFC economic and revenue forecast (see Table 3.18) and can help project future receipts after that point.

Due to the various factors that can impact the allocation of the shares of the cannabis excise tax (changes in cities and counties that prohibit cannabis businesses, number and location of retailers, etc.) MRSC cannot forecast

what individual jurisdictions can expect to receive. We recommend factoring these percentage increases into the calculations you make for your jurisdiction using your historical data and accounting for any changes in cannabis retail sales within your jurisdiction's boundaries.

Estimated Cannabis Excise Tax Distributions to CITIES AND COUNTIES COMBINED*		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 19,824,263	-8.0%
2026 Revised Estimate	$ 19,160,500	-3.3%
2027 Estimate	$ 19,126,000	-0.2%
2028 Estimate	$ 19,222,000	0.5%

*Includes both "retail" and "per capita" shares..

County Assistance Distributions

The State of Washington imposes a real estate excise tax (REET) on each sale of real property (RCW 82.45.060), in addition to any local taxes.

1.4% of the state REET is deposited into the city-county assistance account (RCW 43.08.290) to provide assistance for counties and certain cities. Half of these funds are distributed to cities and the other half to counties.

These funds were originally intended to mitigate the loss of the motor vehicle excise tax (MVET) that was distributed to local governments as a means of equalization of sales tax. All counties receive these funds, but the formulas are complicated and depend upon population, assessed value, sales tax receipts, and the 2005 MVET backfill. The sales tax equalization threshold for counties was originally set at $250,000, to be increased each year by the increase in the July implicit price deflator (IPD) for personal consumption expenditures. The 2026 sales tax equalization threshold for counties is $362,637.

The Department of Revenue (DOR) must "certify" the amounts to be distributed – that is, how much money each county *should* receive according to the formula – each year.

There are frequently enough state REET revenues for counties to receive their full certified amounts according to the formulas on the next page. Any excess county assistance revenues are then distributed proportionately based on unincorporated population among those counties that impose the full "second half-cent" of the sales and use tax under RCW 82.14.030(2).

However, during a market downturn there may be years when there are not enough REET revenues for counties to receive their full certified amounts, in which case the distributions will be reduced proportionately.

County Assistance Distributions

Unincorporated Population	Distribution Formula
Greater than 100,000	**Sales tax equalization up to the greater of:** • $362,637 (in 2026); or • 65% of the statewide per capita average collected for "first half-cent" sales tax in unincorporated areas in the previous fiscal year
15,001 to 100,000	**Sales tax equalization up to the greater of:** • $362,637 (in 2026); or • 70% of the statewide per capita average for "first half-cent" sales tax in unincorporated areas in the previous fiscal year
15,000 or less	**Greater of** • Sales tax equalization to $362,637 (in 2026); • Sales tax equalization to 70% of the statewide per capita average for "first half-cent" sales tax in unincorporated areas in the previous fiscal year; or • The amount the county received in "backfill" for FY 2005 under section 716, Ch. 276, Laws of 2004 (amended state budget).

City-County Assistance Distribution Certification and Payment Dates

		Statutory Date for Distribution	Actual Payment Date *last business day of month*	Certification Date
2026 Budget	1st Quarter	April 1, 2026	March 2026	October 1, 2025
	2nd Quarter	July 1, 2026	June 2026	October 1, 2025
	3rd Quarter	October 1, 2026	September 2026	October 1, 2025
	4th Quarter	January 1, 2027	December 2026	October 1, 2026
2027 Budget	1st Quarter	April 1, 2027	March 2027	October 1, 2026
	2nd Quarter	July 1, 2027	June 2027	October 1, 2026
	3rd Quarter	October 1, 2027	September 2027	October 1, 2026
	4th Quarter	January 1, 2028	December 2027	October 1, 2027

Information on the City-County Assistance distributions can be found on the Department of Revenue (DOR) City-County Assistance webpage. To see your county's 2026 certified amounts, click on "2026 City and County Distributions." These spreadsheets show the amounts for which each city and county were was certified in 2025.

Last Page Viewed | Table of Contents

For budgeting purposes, it is important to note that the "January 1" distributions are actually made in December of the preceding year.

The preliminary estimates for City-County Assistance distributions in 2027 will be available in September. They will be posted on the DOR City-County Assistance webpage under "2027 City and County Distribution Estimates."

Estimated City-County Assistance Fund Distributions to COUNTIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 10,922,198	12.9%
2026 Revised Estimate	$ 10,748,803	-1.3%
2027 Estimate	$ 11,426,065	5.9%
2028 Estimate	$ 11,970,015	4.8%

Editor's Note: The real estate excise tax revenues and forecasts are the work of Richard Dadzie of the Washington State Economic and Revenue Forecast Council (ERFC).

Criminal Justice Revenues

Counties receive state shared criminal justice funds from the state general fund under the provisions of RCW 82.14.310. The initial appropriation, made by the state in fiscal year 2000, was $23.2 million and is increased each July by the "fiscal growth factor." The county funding formula includes population, crime rate, and the annual number of criminal cases filed in superior court.

Below are the estimated distributions, after state budgetary deductions for the state patrol. Because revenues are not distributed on a strictly per capita basis, we cannot provide a per capita forecast.

Estimated Criminal Justice Distributions – COUNTIES		
Calendar Year	**Total Distribution**	**% Change from Previous Year**
2025 Actual	$ 68,896,355	6.2%
2026 Revised Estimate	$ 73,649,606	6.9%
2027 Estimate	$ 78,563,537	6.7%
2028 Estimate	$ 83,717,330	6.6%

Liquor Revenues

Liquor revenues have two separate distributions that are received at different times. There is a state shared distribution from the liquor revolving account for licensing fees (this is referred to by the state and others as "liquor profits"), and there is a distribution from the liquor excise tax account that represents a portion of the excise tax

collected on liquor sales. The total distribution from liquor profits is the same each year, while the total distribution for liquor excise taxes varies depending on actual liquor sales.

Liquor Excise Taxes

The formula works as follows:

1. 35% of liquor excise tax collected is deposited in the "liquor excise tax fund" for distribution to cities, towns, and counties (RCW 82.08.160(1)).
2. $2.5 million each quarter ($10 million a year) is deducted from the liquor excise tax fund and remitted to the state general fund (RCW 82.08.170(3)).
3. Of the remaining amount, 20% is distributed to counties (based on unincorporated population) and 80% is distributed to cities (based on population).

Below are projections based on the June 2026 ERFC report. It's important to note that the distributions to cities and counties occur with a lag of one quarter after the collections are made by the state. This difference in timing makes state estimates and our estimates hard to compare. When comparing distributions by the state treasurer's office to the ERFC forecasts there is usually a variation of plus or minus 2%.

Editor's Note: The liquor excise tax forecasts are the work of Tyler Humphries of the Washington State Economic and Revenue Forecast Council (ERFC).

Estimated Liquor Excise Tax Distributions – COUNTIES

Calendar Year	Total Distribution	% Change from Previous Year	Per Capita
2025 Actual	$ 7,796,912	-1.7%	$ 2.84
2026 Revised Estimate	$ 7,344,515	-5.8%	$ 2.66
2027 Estimate	$ 7,332,818	-0.2%	$ 2.64
2028 Estimate	$ 7,406,764	1.0%	$ 2.66

Liquor Profits

Initiative 1183 in 2011 privatized liquor sales in Washington and changed the types of liquor revenues collected by the state. The state now collects revenue in the form of license fees from distributors and retailers, rather than profits from the state-run liquor stores. However, the Liquor and Cannabis Board (LCB) continues to call these funds "liquor profits." A portion of these collections go to cities, counties, and border jurisdictions. Codified as RCW 66.24.065, it reads:

> The distribution of spirits license fees under RCW 66.24.630 and 66.24.055 through the liquor revolving fund to border areas, counties, cities, towns, and [MRSC] must be made in a manner that provides that each category of recipients receive, in the aggregate, no less than it received from the liquor revolving fund during comparable periods prior to December 8, 2011. An additional distribution of ten million dollars per year from the spirits license fees must be provided to border areas, counties, cities, and towns through the liquor revolving fund for the purpose of enhancing public safety programs.

Last Page Viewed | Table of Contents

The "comparable periods prior to December 8, 2011" were determined by the Office of Financial Management (OFM) to be December 2010, March 2011, July 2011, and September 2011. The liquor profit revenue for cities, counties, and border areas for those four quarters was $39,438,000. To this amount, LCB adds the $10 million to enhance public safety programs for a total liquor profits distribution of $49,438,000 each year. Of that amount, 0.3%, which equals $148,314, is distributed to border cities and counties based on traffic totals, crime statistics, and per capita law enforcement spending. The remaining $49,289,686 is distributed as follows:

- Counties receive 20%, or $9,857,937 annually, distributed proportionately by unincorporated population.
- Cities receive 80%, or $39,431,749 annually, distributed proportionately by population.

As noted in the statute, $10 million of the $49,438,000 – just under 20.23% – must be spent on "enhancing public safety programs." We recommend that each county split its distribution so that it can account separately for the portion that must be spent on public safety. In addition, at least 2% of your distribution must be used for a licensed or certified alcohol or drug addiction program under RCW 71.24.555.

When forecasting liquor profits beyond next year's budget it's important to note that the total county distributions will remain the same from year to year unless the legislature amends the statute. The initiative did not include any measures to account for inflation. The per capita ratio values will vary slightly each year due to population changes.

Estimated Liquor Profit Distributions – COUNTIES

Calendar Year	Total Distribution	% Change from Previous Year	Per Capita
2025 Actual	$ 9,857,937	—	$ 3.57
2026 Revised Estimate	$ 9,857,937	—	$ 3.55
2027 Estimate	$ 9,857,937	—	$ 3.55
2028 Estimate	$ 9,857,937	—	$ 3.54

*Plus additional distribution for border areas.

Transportation Distributions

All counties receive three separate transportation distributions. The first is the motor vehicle fuel tax (MVFT), which is distributed as a percentage of the total fuel taxes collected statewide. The other two, the "increased motor vehicle fuel tax" and "multi-modal" distributions, were created in 2015 and consist of direct transfers from the state transportation fund, so those allocations are not impacted by actual fuel tax collections.

MVFT and increased MVFT distributions must be used for highway purposes, while the multi-modal funds may be used for any transportation purpose.

Reminder: RCW 47.30.050 requires counties to spend at least 0.42% of their MVFT funds each year on pedestrian, equestrian, or bicycle trails, unless 0.42% would amount to $3,000 or less. In other words, this requirement applies to any county that receives approximately $714,286 or more in MVFT revenue per year. Counties also have the option to place these dedicated funds in a capital reserve or special revenue fund to accumulate the resources, so long as the funds are used for paths or trails within a 10-year time frame.

Last Page Viewed | Table of Contents

Motor Vehicle Fuel Tax

County MVFT revenues are distributed under RCW 46.68.090(2)(h) and (4)(b)and (5)(b), less state adjustments found in RCW 46.68.120(1) and (3) and withholding for the County Road Administration Board (CRAB) as required by RCW 46.68.090(2)(h). The distribution formula includes annual road costs and "need" in addition to population (RCW 46.68.120(4)). CRAB calculates the allocation percentages and distributions for each county and certifies them at its July board meeting each year; CRAB will notify counties directly of the allocations for the next fiscal period. CRAB also posts Motor Vehicle Fuel Tax Reports on its website for current and past distributions.

Fuel taxes in Washington are assessed as cents per gallon, so motor vehicle fuel tax (MVFT) revenues – and therefore the MVFT distributions to cities and counties – depend on the number of gallons sold, not the dollar value of the sales.

It is important to note that unexpected events that disrupt the transportation system can significantly reduce gas tax collections, as they have in the past with major snowstorms and the COVID-19 pandemic.

Increased Motor Vehicle Fuel Tax and Multi-Modal Funds

In addition to the monthly gas tax distributions, counties receive a share of the multi-modal funds and the 2015 increase in fuel tax (RCW 46.68.126). This legislation provides a flat amount of over $25 million annually to counties, cities, and towns, allocated as follows:

- Increased MVFT: $11,719,000 per year
- Multi-modal funds: $13,393,000 per year

These revenues are split equally between cities and counties and are not impacted by actual fuel sales; the total distribution amounts remain the same every year unless the legislature were to change them. County distributions are established by the same CRAB formula as the MVFT described earlier and set at the July CRAB board meeting.

Estimated Transportation Distributions – COUNTIES

Calendar Year	Gas Tax (MVFT)	% Change in Gas Tax from Previous Year	Multi-Modal	Increased MVFT
2025 Actual	$ 137,053,228	0.3%	$ 6,696,599	$ 5,859,500
2026 Actual	$ 144,021,937	5.1%	$ 6,696,599	$ 5,859,500
2027 Estimate	$ 139,905,404	-2.9%	$ 6,696,599	$ 5,859,500
2028 Estimate	$ 141,132,904	0.9%	$ 6,696,599	$ 5,859,500

Per Capita Shared Revenue Tables and Distribution Calendar

The tables below briefly summarize our per capita (population-based) state shared revenue projections; for details, as well as information on other shared revenues that are not distributed on a per capita basis, refer to earlier sections of this publication.

To estimate your jurisdiction's revenues, multiply the numbers below by your population (unincorporated population for counties), or see our online State Shared Revenue Estimator (for 2027 estimates only). Please note that these are point-in-time estimates as of July 2025. In particular, MVFT and liquor excise revenues may fluctuate; consider monitoring ERFC's quarterly revenue forecasts for updates to overall liquor/cannabis revenues and projected MVFT distributions.

Estimated Per Capita Distributions for Each CITY AND TOWN

Distribution Type	2025 Actual	2026 Revised	2027 Estimate	2028 Estimate
Criminal Justice - Population*	$ 0.40	$ 0.42	$ 0.45	$ 0.48
Criminal Justice - Special Programs	$ 1.41	$ 1.48	$ 1.56	$ 1.66
Liquor Profits	$ 7.37	$ 7.33	$ 7.31	$ 7.28
Liquor Excise	$ 6.72	$ 6.30	$ 6.24	$ 6.27
Gas Tax (MVFT)	$ 15.80	$ 16.64	$ 16.06	$ 16.26
Multi-Modal	$ 1.27	$ 1.25	$ 1.24	$ 1.24
Increased MVFT	$ 1.11	$ 1.10	$ 1.09	$ 1.08

* Minimum distribution of $1,000 per city/town, regardless of population

Estimated Per Capita Distributions for Each COUNTY

Distribution Type	2025 Actual	2026 Revised	2027 Estimate	2028 Estimate
Liquor Profits	$ 3.57	$ 3.55	$ 3.55	$ 3.54
Liquor Excise	$ 2.84	$ 2.66	$ 2.64	$ 2.66

Last Page Viewed | Table of Contents

Shared revenues are distributed on the last business day of the month according to the schedule below.

Shared Revenue Distribution Calendar

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gas Tax (MVFT)	●	●	●	●	●	●	●	●	●	●	●	●
Increased Gas Tax (MVFT)			●			●			●			●
Multimodal Distribution			●			●			●			●
Liquor Excise Tax	●			●			●			●		
Liquor Profits			●			●			●			●
Cannabis Excise Tax			●			●			●			●
Criminal Justice	●			●			●			●		
Fire Insurance Premium Tax					●							
City/County Assistance			●			●			●			●

Last Page Viewed Table of Contents

Budget Amendments

After the budget is adopted, cities, towns, and counties may amend the budget at any time. It is especially important to monitor budget appropriation levels as you reach the end of your budget cycle. Cities, towns, and counties must have sufficient budget appropriations available for all expenditures including open period expenditures. Budget amendments, if any, must be adopted on or before December 31. Most budget amendments do not require public hearings under state law, although some jurisdictions may have adopted public hearing requirements by policy.

Cities, towns, and counties are not required to hold public hearings on budget amendments related to "nondebatable" emergencies – see RCW 35.33.081/RCW 35A.33.080 (city/town annual budgets), RCW 35.34.140/RCW 35A.34.140 (city/town biennial budgets), and RCW 36.40.180 (counties). Public hearings are also not required for expenditures of unanticipated revenues, transfers within a single fund, or budget reductions. These types of amendments must be made by ordinance but do not require a public hearing.

However, public hearings are required for increasing expenditures for other "public emergencies" that are not considered "nondebatable" – see RCW 35.33.091/RCW 35A.33.090 (city/town annual budgets), RCW 35.34.150/RCW 35A.34.150 (city/town biennial budgets), and RCW 36.40.140 (counties). For cities and towns, the public notice requirements are not specifically outlined in statute. MRSC recommends following the same notice requirements of the preliminary budget hearing. Counties must publish notice of the hearing, as well as a resolution stating the facts of the emergency and the estimated amount of money required to meet it, once in the official county newspaper at least one week before the hearing.

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