

# Including Sales Tax on Safety Net Applications

## Purpose

This guidance explains when and how local education agencies (LEAs) should include expanded state retail sales tax and business and occupation (B&O) tax on Safety Net applications for contracted services.

## Background

During the 2025 legislative session, the state legislature expanded the types of services subject to state retail sales tax and B&O tax (ESSB 5814). As we understand the implications of the tax law, many LEAs may be required to pay sales tax on *temporary* staffing services. These services would include special education staff who are provided to a district through a contract with an intermediary staffing agency. This would not include contractors who individually contract with an LEA and do not use an intermediary contracting entity.

## When to Include Sales Tax

For Safety Net applications, where the LEA has used a temporary staffing entity and pays that entity for contracted services that are included on an IEP, it is appropriate to include applicable sales tax as part of the Safety Net application. LEAs should only include sales tax that they anticipate they will pay. To calculate these amounts, LEAs must use the [Sales Tax for Safety Net Applications](#) template.

*OSPI expects additional information and guidance to be provided by the Department of Revenue after the Legislative session has been completed, and we will consider any new guidance and legislation during the award process. Due to potential legislative changes, **OSPI recommends that LEAs wait to include sales tax charges until the May 8 Safety Net Application update.***

## Required Template Submission

- Each district must submit **one** Sales Tax for Safety Net Applications template.
- The template should be completed **after** provider costs have been finalized on the **Worksheet C forms** in the EGMS application.

## Information Needed to Complete the Template

For the services affected by the expanded tax, provide the following information on the **Student Entry** tab of the template:

- SSID
- Staff Name and Agency and Temporary Staffing Entity
- Regular SY or ESY



- Is this calculation for costs associated with the Regular School Year (RSY) or Extended School Year (ESY)
- Amount included on Safety Net Application for this Provider
- Tax Rate
  - Tax rates may vary by provider location
  - Coordinate with your business office to confirm the correct rate
- Number of School Days for this student that include increased tax
  - Some providers may begin billing sales tax later in the school year
  - Entering this information allows the cost to be prorated appropriately
- Total Number of LEA School Days Student Received Services from this Provider
  - This number of days should align with the total number of days you are claiming for the provider on the Worksheet C.

## Calculating and Entering Costs

Example information for the *Student Entry* tab of the [Sales Tax for Safety Net Applications template](#).

	A	B	C	D	E	F	G	H	I
		Staff Name and Temporary Staffing Entity	Regular SY OR ESY?	Amount Included on Safety Net application for provider	Tax Rate	Number of School Days for this student that include increased tax	Total Number of LEA School Days Student Received Services from this Provider	Amount to include on application for Sales tax	Notes
1	SSID								
2	1234567890	Jane Doe, Sunrise SLPs	RSY	\$2,000	10.00%	50	180	\$56	
3	1234567890	Jane Doe, Sunrise SLPs	ESY	\$100	10.00%	16	16	\$10	
4								\$0	

Once all the information is entered into the template on the **Student Entry** tab, the Summary by Application tab will calculate. An example of the calculation is shown below.

	A	B
	<b>NOTE: This sheet will autopopulate based on the information entered in the Student Entry tab. DO NOT CHANGE the information on this tab.</b>	
1		
2	SSID	Total Tax per SSID
3	1234567890	\$66
4	0	\$0
5		\$0
6		\$0

The **Total Tax Per SSID** from the *Summary by Application* tab only needs to be input **once** per SSID in the EGMS application, in the **Worksheet C Student Summary** form, under the **Other Costs associated with student for current school year** section. When inputting, the Cost Type should be "Other", and the Position/Description should be "Sales Tax".

***Should the Legislature or Department of Revenue exempt these contracts through legislation or rule prior to the Safety Net award, OSPI will deduct the applicable amount from any eventual award.***

▲ Other Costs associated with student for current school year

New



\* Records are sorted by Last Modified Date ascending order

Cost Type	Position / Description	Total Dollars Expended for this Student	Actions
Other	Sales Tax	\$95	 
Total		\$95	