

SENATE BILL REPORT

SB 5274

As Passed Senate, March 7, 1995

Title: An act relating to distribution of moneys to the municipal research council.

Brief Description: Clarifying the funding formula for the municipal research council.

Sponsors: Senators Haugen, McCaslin, Winsley, Wood and Palmer.

Brief History:

Committee Activity: Government Operations: 2/7/95, 2/14/95 [DP].
Passed Senate, 3/7/95, 46-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Drew, Hale, Heavey, McCaslin and Winsley.

Staff: Rod McAulay (786-7754)

Background: The Municipal Research Council (MRC), through the Municipal Research and Services Center, provides a variety of legal, budgeting, planning and other services to cities and towns in the state. MRC is funded by deductions from a motor vehicle excise tax account and the sales tax equalization account. The motor vehicle excise tax account is otherwise distributed to all cities and towns based on population. The sales tax equalization account is distributed to cities and towns that have sales tax revenues less than 70 percent of the state per capita average.

Prior to 1990, the deduction for the MRC was taken prior to the funds being divided into two accounts. The effect was that the deduction impacted both accounts.

In 1990, the Legislature enacted two conflicting amendments regarding this distribution. One measure provided that 65 percent of the MRC deduction come from the motor vehicle excise tax account and that 35 percent come from the sales tax equalization account. This distribution preserved the allocation which existed before. The other measure provided that distribution to the Municipal Research Council come solely from the motor vehicle excise tax account.

Since 1990, the treasurer has continued to deduct funds for MRC from both accounts. To date, this practice has had little impact on the distribution of funds between large and small cities because there have been sufficient funds in the equalization account.

In 1996, however, it is projected that there will not be sufficient funds in the sales tax equalization account and that distribution will have to be reduced ratably. If MRC is funded, in part, from this account, it will further impact this shortfall.

Summary of Bill: The enactment of a double amendment in 1990 is corrected by reenactment. The funding of the Municipal Research Council comes from the motor vehicle excise tax allocation for cities (65 percent) and from the city sales tax equalization account (35 percent).

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: It corrects a double amendment and continues the funding formula which has been agreed to by all cities.

Testimony Against: None.

Testified: Stan Finkelstein, AWC.