

# SENATE BILL REPORT

## HB 1420

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As Reported By Senate Committee On:  
Ways & Means, April 16, 1997

**Title:** An act relating to local public health financing.

**Brief Description:** Modifying local public health financing.

**Sponsors:** Representatives McDonald, Regala, Huff, Talcott, Conway, Smith, Mitchell, Fisher and Bush.

**Brief History:**

**Committee Activity:** Ways & Means: 4/16/97 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Fraser, Hochstatter, Kohl, Loveland, McDonald, Roach, Rossi, Schow, Sheldon, Snyder, Spanel, Swecker, Thibaudeau and Winsley.

**Staff:** Terry Wilson (786-7433)

**Background:** The state imposes an excise tax for the privilege of using a motor vehicle upon the highways of this state. The tax is levied annually on the value of the vehicle at a rate of 2.2 percent.

The revenues generated by the motor vehicle excise tax (MVET) are deposited into various accounts for various purposes. Revenues remaining after all of these distributions are retained in the state general fund and are subject to appropriation for general governmental purposes.

Of the basic 2 percent MVET rate, 1.6 percent is deposited into the county sales and use tax equalization account for allocation by the State Treasurer to counties receiving lower than average sales and use tax revenues. Revenues in excess of the amounts needed to make the distributions are deposited in the state general fund.

Of the basic 2 percent MVET rate, 2.95 percent is deposited into the county public health account for public health purposes. The MVET distribution to cities for public health was reduced by 2.95 percent to accomplish this. Funds are provided to counties based on a funding formula that was designed to ensure that no city contribution was less than the calendar year 1995 level expended for public health purposes. However, the account's distribution formula did not adjust for the incorporation of cities during 1994 and 1995. For this reason, Pierce County lost revenue it would have obtained from this account for public health when University Place, Lakewood, and Englewood incorporated. Similarly, King County lost revenue when Shoreline incorporated.

**Summary of Bill:** If funds are available, the populations of cities incorporated in 1994 and 1995 are included in the calculation of city contributions to counties for public health purposes. Excess revenues in the county sales and use tax equalization account are used to cover the cost of including these city populations in the local public health funding calculation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1997.

**Testimony For:** This bill corrects an oversight in the 1995 formula. These cities were not counted in either the city or county distributions.

**Testimony Against:** None.

**Testified:** PRO: Phil Watkins, Tacoma-Pierce County Health Department; Jean Wessman, WA State Assn. of Counties; George Walk, Pierce County.