

# HOUSE BILL REPORT

## HB 3170

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**As Reported By House Committee On:**  
Appropriations

**Title:** An act relating to financial assistance to local governments.

**Brief Description:** Providing financial assistance to local governments.

**Sponsors:** Representatives H. Sommers, Huff, Scott, Mulliken, Doumit, Mielke, Grant, Carrell, Linville, Ericksen, Edwards, Barlean, Fisher, Campbell, Dunshee, D. Schmidt, Haigh, Koster, Hurst, Sump, Conway, Alexander, Dickerson, McIntire, Schual-Berke, Santos, Buck, Rockefeller, Schoesler, Kastama, Keiser, Romero, Cairnes, Regala, Fortunato, Carlson, McDonald, Hatfield, Kessler, Ruderman, Ogden, Cooper, Wood, Miloscia, O'Brien, Anderson, Wolfe, Lovick, Lantz, Veloria, Stensen, Benson, Woods, Lisk, Skinner, Talcott, Ballasiotes, Hankins, Pennington, Thomas and Esser.

**Brief History:**

**Committee Activity:**

Appropriations: 3/22/00 [DPA].

**Brief Summary of Amended Bill**

- Appropriates \$101.8 million for the 1999-2001 biennium for assistance to cities and counties for specific purposes.
- Appropriates \$33.2 million for the 1999-2001 biennium for public health.
- Requires the task force on local government created in SHB 2392 to identify an appropriate level and mechanism for ongoing funding to cities and counties.
- Distributes \$20 million per year to counties beginning in July 2001 for acquisition of conservation easements and restoration, maintenance and monitoring activities.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** Do pass as amended. Signed by 32 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Alexander; Benson; Boldt; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Sump; Tokuda and Wensman.

**Staff:** Mark Matteson (786-7145) and Jeff Olsen (786-7157).

**Background:**

Local Government: The passage of Initiative 695 in November 1999 repealed the Motor Vehicle Excise Tax (MVET), which had been forecasted to generate approximately \$1.6 billion in revenues during the fiscal 1999-2001 biennium. The MVET statute apportioned 23.6 percent of collections to counties, cities, and public health districts for the purposes of criminal justice assistance, fire and police protection, sales tax equalization, and public health. For some jurisdictions, the MVET assistance represented a relatively significant part of the operating budget, in some cases providing over 50 percent of operating expenditures.

The MVET collections were distributed on a quarterly basis to city and county jurisdictions and on a monthly basis to public health districts and county public health departments. The final distributions to jurisdictions occurred in January, 2001, based on collections in October through December, 1999.

Shorelines: The Shoreline Management Act (SMA) requires counties and cities to adopt local shoreline master programs regulating land use activities in shoreline areas of the state and to enforce approved programs within their jurisdictions. The SMA also requires the Department of Ecology (DOE) to adopt guidelines for local governments to use when developing these local shoreline master programs.

The Growth Management Act requires all jurisdictions to designate natural resource lands and designate and protect critical areas.

In 1998, the Legislature directed the Conservation Commission to conduct a limiting factors analysis for salmonids as part of the critical pathways methodology required for salmon recovery.

Expenditure and Debt Limits: Initiative 601, enacted by the voters in 1993, establishes an expenditure limit for the state general fund. I-601 requires that the expenditure limit be decreased if moneys are transferred from the state general fund to another fund or account. The initiative also directs that the limit be increased if costs of a local government program are transferred to the state.

A statutory debt limit prohibits the state from incurring aggregate debt that would result in debt service payments that exceed seven percent of the average of general state revenues for the previous three years.

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**Summary of Amended Bill:**

Funding is provided to local jurisdictions for the purposes of public safety, criminal justice, public health, shorelines protection, and other program areas.

Local Government: An appropriation from the Health Services Account of \$33.2 million is made to the Office of Financial Management (OFM) to distribute to county health departments and public health districts for the 1999-2001 fiscal biennium.

For the 1999-2001 fiscal biennium, \$35.5 million is appropriated from the general fund to the OFM for distribution to counties. This ongoing funding is provided for the Superior Court system, police operations, crime prevention, care and custody of prisoners, and legal services.

For the 1999-2001 fiscal biennium, \$66.3 million is appropriated from the general fund to the OFM for distribution to cities. This ongoing funding is provided for municipal court systems, police operations, crime prevention, care and custody of prisoners, fire protection services, transportation, and legal services.

The joint legislative task force established by SHB 2392 will also identify an appropriate level of ongoing funding for cities and counties and the mechanism by which the funds will be distributed, and will submit a report on its recommendations by January 1, 2001.

Shorelines: The shorelines protection account is created in the state treasury, and \$20 million per fiscal year is transferred into the account, beginning July 1, 2001, and ending June 30, 2006. The State Treasurer will transfer moneys in the account to eligible counties based on the miles of shorelines in the county. To be eligible, a county must have shorelines as defined in the Shoreline Management Act of 1971, and it must have a population of less than 500,000.

Counties may use funding from the shoreline protection account for acquisition of conservation easements and futures, and for restoration, maintenance, and monitoring activities in riparian areas. A riparian, marine, or estuarine area must be designated as a critical area under the Growth Management Act, or be located within a county's shoreline management jurisdiction, or be identified as addressing a limiting factor for salmon.

Expenditure and Debt Limits: The appropriations to the counties and cities are expressly declared to be a transfer of local government costs to the state, which will result in an increase to the expenditure limit.

Initiative 601 is amended to provide that the transfer of general fund moneys to the shorelines protection account does not result in a reduction of the state expenditure limit. Additionally, the transfers to the Shorelines Protection Account will not be deducted from general state revenues for purposes of calculating the debt limit.

**Amended Bill Compared to Original Bill:** The amended bill expands the purposes for which the municipal assistance may be spent to include fire protection services and transportation. The task force that will identify appropriate level and mechanism for ongoing funding to cities and counties is to be the joint task force on local governments created by section 3 of SHB 2392, and not a twelve-member group appointed by the Co-speakers of the House and the President of the Senate. The task force will submit initial recommendations by January 1 2001, and not November 1, 2000.

The amended bill clarifies moneys from the shoreline protection account may be used solely for authorized purposes, and marine and estuarine areas are included as eligible areas for easements and projects.

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**Appropriation:** The sum of \$101.8 million from the State General Fund and \$33,183,801 from the Health Services Account.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** The bill contains several effective dates. Please refer to the bill.

**Testimony For:** This bill goes a long way to addressing the impacts of Initiative 695 on counties and cities. Every city and every county will receive funding to maintain services, including those for which losses constitute 40 or 50 percent of budget. The ongoing criminal justice replacement moneys are greatly appreciated. This bill recognizes the need for ongoing assistance, recognizing that I-695 will have long-term impacts; this assistance is greatly appreciated. The bill recognizes the need for jurisdictions to budget for the full calendar year 2001 and allocates moneys accordingly. The allocation limitation for cities will prohibit smaller cities from spending their full allocation and should be expanded to include fire protection services and transportation. The shorelines protection transfer to counties for purchasing conservation easements is beneficial to local governments in addressing endangered species concerns. Conservation easements and purchasing of development

rights have been successful in getting the maximum amount of protection for the funding provided. Purchases of land would hurt the tax base.

(Concerns) Since riparian areas refer only to freshwater shorelines, including marine and estuarine areas in the program should be considered. Acquisition of qualified parcels should be expanded to include fee simple purchases of land. Local jurisdictions should be allowed to make decisions regarding purchases of land.

**Testimony Against:** None.

**Testified:** (In favor) Dick Ducharme, Yakima Growers Association; and Stan Finkelstein, Association of Washington Cities.

(In favor with concerns) Mike Ryherd, Northwest Fishing Association; Bruce Wishart, People of Puget Sound; Ron Shultz, National Audubon Society; and Len Barson, The Nature Conservancy of Washington.