

# HOUSE BILL ANALYSIS

## HB 3170

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**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.

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### **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The passage of initiative 695 in November 1999 repealed the Motor Vehicle Excise Tax (MVET), which had been forecasted to generate approximately \$1.6 billion in revenues during the fiscal 1999-2001 biennium.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.

### **Summary:**

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 appropriations 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, and legal services.

A task force is created to provide recommendations to the Governor and Legislature on the future distribution of funding to cities and counties. The task force will consist of three members from each of the two largest caucuses in the House and Senate, appointed by the Co-Speakers of the House and the President of the Senate. The task force will

identify an appropriate level of ongoing funding and the mechanism by which the funds would be distributed, and will submit a report on its recommendations by November 1, 2000.

### 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 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.

**Appropriation:** Appropriates a total of \$101.8 million from the state general fund and \$33,183,801 from the Health Services Account.

**Effective Date:** Sections 1 through 6 contain an emergency clause and take effect immediately. Sections 7 through 9 take effect on July 1, 2001.

**Fiscal Note:** Not requested.

