

SENATE BILL REPORT

SB 6050

As Reported By Senate Committee On:
Ways & Means, March 7, 2005

Title: An act relating to providing financial assistance to cities, towns, and counties.

Brief Description: Providing financial assistance to cities, towns, and counties.

Sponsors: Senators Parlette, Doumit, Morton and Mulliken.

Brief History:

Committee Activity: Ways & Means: 3/1/05, 3/7/05 [DPS, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6050 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Parlette, Rasmussen, Roach and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Hewitt, Pflug, Pridemore and Schoesler.

Staff: Brian Sims (786-7431)

Background: For the past three biennia, state appropriations have provided financial assistance to counties and cities. The appropriation for 2003-05 provides \$14 million to the cities and counties with the lowest taxing capacity.

The real estate excise tax (REET) is imposed on the sale of real property at 0.28 percent of the sale price. Seven and seven tenths of a percent of the proceeds are deposited in the public works assistance account (PWAA) to assist local governments with low interest loans for roads and bridges, water and waste water systems, and solid waste and recycling facilities.

Summary of Substitute Bill: The bill reduces the portion of the REET deposited in the PWAA is reduced from 7.7 percent to 6.1 percent, and deposits 1.6 percent of the REET into the new city-county assistance account. The level of funding will be split equally between cities and counties. A separate distribution formula for cities and counties is specified.

Substitute Bill Compared to Original Bill: The substitute bill eliminates the Local Government Financial Assistance Advisory Council and, instead, specifies a formula for distributing the county and city financial assistance.

Appropriation: None.

Fiscal Note: Requested on February 27, 2005.

Committee/Commission/Task Force Created: no.

Effective Date: August 1, 2005.

Testimony For: Cities and counties in areas of the state with very low tax bases are not able to provide basic services. The bill would provide a reliable source of assistance to these local governments.

Testimony Against: None.

Who Testified: PRO: Bill Vogler, Washington State Association of Counties; Jim Justin, Association of Washington Cities.