
Ways & Means Committee

HB 2801

Brief Description: Addressing local government fiscal matters by revising local government duties, assistance, and revenues.

Sponsors: Representatives Hunt and Kenney.

Brief Summary of Bill

- Limits state audits of county and city financial affairs to once every three years.
- Makes collective bargaining over the use of volunteers by counties and cities permissive, rather than mandatory.
- Modifies provisions related to National Pollution Discharge Elimination System (NPDES) permits.
- Requires statewide organizations representing local public health officials, counties, and cities to convene a work group and develop recommendations to the Legislature on preferred funding and service delivery methods pertaining to Washington's public health system.
- Replaces the full publication of many city and county documents in newspapers with posting to city and county web sites.
- Authorizes additional general sales and use tax authority for counties and certain cities.
- Creates a contingency fund to provide support for jurisdictions that cannot completely offset reductions in local distributions.
- Authorizes cities and counties to impose a sales tax up to 0.5 percent on food and beverages sold by restaurants, taverns, and bars.
- Eliminates the voter-approval requirement for the 0.1 percent county sales tax for building and operating juvenile detention facilities.
- Eliminates the voter-approval requirement for the 0.3 percent local public safety sales and use tax.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- Allows certain jurisdictions that first impose the 0.1 percent sales and use tax for mental health and chemical dependency treatment and services after December 31, 2011, to use an additional time period to partially supplant funding.
- Authorizes counties to impose up to a 6 percent utility tax.
- Allows local fees related to the administration of the State Environmental Policy Act to cover staffing, administration, and facilities associated with application processing.
- Authorizes cities to accept credit cards, debit cards, and other types of electronic payments.
- Eliminates county and city criminal justice assistance account distributions after the October 2012 distribution.
- Removes the state-credit provision of the rural county sales and use tax on January 1, 2013.
- Eliminates city and county distributions of state beer tax on January 1, 2013.
- Redirects liquor excise tax distributions, beginning January 1, 2013, from cities and counties to the State General Fund.
- Distributes amounts in the liquor revolving fund to border areas, counties, cities, and towns, and municipal research services centers as provided in Initiative 1183.
- Eliminates intent language that certain court fee increases adopted in 2005 be used for state contributions to district and municipal court judge salaries, criminal indigent defense, parental representation in dependency and termination proceedings, and indigent civil legal representation.
- Requires employing county and city agencies to reimburse the Criminal Justice Training Commission for the total costs for training its personnel.
- Eliminates distributions for district and municipal judge salaries, criminal indigent defense, civil legal services, and parent's representation in dependency and termination proceedings.
- Authorizes the bureau of forensic laboratory services to impose a fee to recover 50 percent of the cost of providing services for local governments.

Hearing Date: 2/29/12

Staff: Rick Peterson (786-7150).

Background:

General Information: Counties and Cities.

Counties and cities (including towns) are the two general purpose local governments in Washington. Counties and cities are the governmental units that perform broad functions, including the delivery of a wide variety of public services. Additionally, through their elected officers, counties and cities provide a means for representing and responding to local citizens. Washington's 39 counties are the area-wide governments that cover the entirety of the state.

In contrast, cities are generally center-oriented governmental units that are established by incorporation to provide public services and an economic identity to large and small population concentrations. Although the boundaries of Washington's 281 cities and towns can change through annexation, the state's counties are legal subdivisions of the state and have fixed boundaries.

Audits.

The Washington State Auditor (Auditor) is charged with examining the financial affairs of counties, cities, and other public entities at reasonable, periodic intervals as determined by the Auditor. The Auditor is required, however, to examine the financial affairs of all local governments at least once every three years, and to examine individual local government health and welfare benefit plans and local government self-insurance programs at least once every two years. Audits may be conducted more frequently to address suspected fraud or irregular conduct, at the request of the local government, or as required by federal requirements. In conducting the examinations, the Auditor must make inquiries into the financial condition and resources of the local government, whether the legal requirements have been properly complied with, and the methods and accuracy of the accounts and reports. Reports resulting from the examinations must be filed with the Auditor, the local government, and, upon findings of noncompliance with state law, the state Attorney General.

Collective Bargaining.

Employees of cities, counties, and other political subdivisions of the state bargain their wages and working conditions under the Public Employees' Collective Bargaining Act administered by the Public Employment Relations Commission.

The employer and exclusive bargaining representative have a mutual obligation to negotiate in good faith over specified mandatory subjects of bargaining: grievance procedures and personnel matters, including wages, hours, and working conditions. Other employment matters may, with the permission of both parties, be the subject of collective bargaining.

Storm Water and Low-Impact Development.

The Department of Ecology (DOE) administers a state program for discharge of pollutants to state waters. State permits are required for anyone who discharges waste materials from a commercial or industrial operation to ground or to publicly owned treatment plants. State permits are also required for municipalities that discharge to ground.

The federal Clean Water Act (CWA) prohibits the discharge of pollutants in toxic amounts and establishes the National Pollution Discharge Elimination System (NPDES) permit system to regulate wastewater discharges from point sources to surface waters. The NPDES permits are required for anyone who discharges wastewater to surface waters or who has a significant potential to impact surface waters. The DOE has been delegated authority by the United States Environmental Protection Agency (EPA) to administer NPDES permits.

The EPA storm water regulations established two phases for the NPDES permits to control storm water discharges from certain industries and construction sites, and from municipalities operating municipal separate storm sewer systems. Phase I of the NPDES storm water permit program applies to six local governments (Seattle, Tacoma, and the unincorporated areas of Clark, Pierce,

King, and Snohomish Counties) and to the Washington State Department of Transportation facilities within those jurisdictions. The Phase II permit program rules apply to operators of small municipal separate storm sewer systems serving fewer than 100,000 persons.

The Washington State University's draft *2012 Low-Impact Development Technical Guidance Manual for Puget Sound* defines low-impact development as a storm water and land use management strategy that strives to mimic pre-disturbance hydrologic processes of infiltration, filtration, storage, evaporation, and transpiration by emphasizing conservation and use of on-site natural features, site planning, and distributed storm water management practices integrated into the design of a project. Low-impact strategies can be applied to a variety of projects, including new development, infrastructure improvements, and revitalization projects to protect aquatic resources.

Public Health Recommendations.

Public health services in Washington are provided by the Washington State Department of Health and the 35 local health jurisdictions. Local health jurisdictions may be structured as a county agency, a city-county agency, or a single agency comprised of multiple counties. The activities of these agencies are generally divided into five categories, including preventing and responding to communicable disease; protecting people from environmental health threats; assessing health status; promoting health and preventing chronic disease; and accessing health services.

Public Notice and Publications.

Counties and cities have numerous public notice and publishing requirements. For example, promptly after adoption, a full or summarized version of each city ordinance must be published one or more times in the official newspaper of the city. An inadvertent mistake or omission in publishing the full or summarized text does not render the ordinance invalid. Examples of newspaper-based publishing actions that counties must satisfy include the following:

- publishing all legal notices and delinquent tax lists;
- publishing requests for competitive bids and notices related to the disposal of county property;
- publishing notices relating to the creation of areas and districts, including aquifer protection areas, park and recreation service areas, and local improvement districts and county road districts; and
- publishing notices associated with land use and planning actions.

County Juvenile Correctional Facility Sales and Use Tax.

Counties with a population of less than one million may, with voter approval, impose an additional sales and use tax of 0.1 percent. Tax proceeds must be used for constructing, financing, maintaining, or operating juvenile detention facilities and jails. Currently, 14 counties impose the tax.

County and City Public Safety Sales and Use Tax.

A county public safety sales and use tax was authorized in 2003. Subject to voter approval, counties may impose a tax of up to 0.3 percent. At least one-third of the tax receipts must be devoted to criminal justice purposes, fire protection purposes, or both. A levying county retains 60 percent of the receipts and the remaining 40 percent is distributed to cities within the county on a per capita basis. The use of tax receipts must be stated in the ballot proposition that goes

before the voters. The sales and use tax has been implemented in six counties: Jefferson, Kittitas, Walla Walla, Spokane, Whatcom, and Yakima.

Cities are also authorized to seek voter approval to impose the public safety sales and use tax at a rate not to exceed 0.1 percent. If a county imposes the public safety sales and use tax prior to a city within the county, the city tax rate may not exceed an amount that would cause the total tax rate for the county and city to exceed 0.3 percent. If a city imposes the tax prior to the county in which the city is located, the county must provide a credit against its tax for the city tax. Fifteen percent of the tax proceeds received by a city imposing the public safety sales and use tax must be distributed to the county. No cities are currently imposing the tax.

County Mental Health/Chemical Dependency Sales and Use Tax.

A county mental health/chemical dependency sales and use tax of 0.1 percent was authorized in 2005. In 2010 cities within a county of more than 800,000 were also authorized to impose the tax if the county was not imposing the tax by January 1, 2011. The proceeds of the tax must be devoted to county mental health treatment, chemical dependency, and therapeutic court programs and services. The sales and use tax has been imposed in 16 counties: Clallam, Clark, Ferry, Grays Harbor, Island, Jefferson, King, Lewis, Okanogan, San Juan, Skagit, Snohomish, Spokane, Thurston, Wahkiakum, and Whatcom. Total tax collections in 2011 for all counties imposing the mental health/chemical dependency sales and use tax were approximately \$78 million.

Until calendar year 2010, tax receipts could not supplant (replace) existing funds being used for these programs and services. This non-supplant restriction was temporarily suspended in 2010, allowing counties and cities to redirect an amount equal to 50 percent of the tax to other uses in calendar year 2010 and then reduced by 10 percent for the following four years.

In 2011, the non-supplant restriction was again extended and modified as follows:

Year	Amount of Revenue That May Be Supplanted	
	Counties with population > 25,000 and cities with population > 30,000	Counties with population < 25,000
2011	Up to 50%	Up to 80%
2012	Up to 50%	Up to 80%
2013	Up to 40%	Up to 60%
2014	Up to 30%	Up to 40%
2015	Up to 20%	Up to 20%
2016	Up to 10%	Up to 10%

Also in 2011, revenues used to support the cost of a judicial officer and support staff of a therapeutic court were exempted from supplant restrictions.

Local Utility Taxes.

Cities may impose utility taxes on the gross operating revenues earned by private utilities from operations within the boundaries of a city and by a city’s own municipal utilities. Utility services subject to utility tax typically include electric, water, sewer, storm-water, gas, telephone, and cable television. While utilities provide the amount of the tax on the utility bill, the tax is legally

levied on the utility, not the customer and must be paid from utility revenues. The tax rate that a city legislative body may impose on electric, gas, steam, and telephone utility services is generally limited to 6 percent. A city may ask the voters to approve a rate of higher than 6 percent on these utilities. Counties are not authorized to impose utility taxes.

Fees to Process Applications Under the State Environmental Policy Act.

Cities, counties, and other municipal corporations may collect reasonable fees from an applicant to cover the cost to the jurisdiction of processing applications, inspecting and reviewing plans, and preparing detailed statements required under the State Environmental Policy Act. This would include fees for activities such as reviewing the environmental checklist that is submitted as part of a development proposal or the preparation of environmental impact statements.

Acceptance of Credit Cards by Cities and Counties.

Some counties accept credit cards in the payment of fees, taxes, assessments, penalties, and other monies due the jurisdiction. State law provides an explicit authorization for the acceptance of credit cards by counties, but no similar statute exists for cities.

City and County Criminal Justice Assistance Distributions.

Legislation was enacted in 1990, funding criminal justice activities of counties, cities, and towns.

Until 2000, state motor vehicle excise tax (MVET) receipts were distributed from the county and municipal criminal justice assistance accounts to counties, cities, and towns for criminal justice purposes under several distribution formulas. With the repeal of the MVET under Initiative 695 in 1999, funding was replaced by statutorily required transfers from the State General Fund to these accounts. These transfers take place on a quarterly basis. The initial annual amount transferred in 2000 to the county criminal justice assistance account was \$23.2 million. For the municipal criminal justice assistance account, the amount was \$9.2 million. The transfer amounts are indexed annually by the state fiscal growth factor, which is derived from personal income growth. The transfer amounts specified in the most recently enacted state operating budget was \$69.8 million for counties and \$27 million for cities for the two-year period.

Distributions to counties from the county criminal justice assistance account are made under a single formula based upon population, crime rate, and the annual number of criminal cases filed in superior court.

Two separate distributions are made to cities and towns from the municipal criminal justice assistance account. Half of the total amount is distributed to cities and towns on the basis of violent crime rates per capita and on the basis of population only. The other half of the total moneys is distributed to cities and towns with high crime rates primarily on a per capita basis under two separate formulas, one for cities and towns with extremely high crime rates and the other for cities and towns with high crime rates.

Rural County Sales and Use Tax.

Rural counties may impose a local option sales and use tax of up to 0.09 percent. The tax is credited against the state's 6.5 percent sales tax. Therefore, the consumer does not see an increase in the amount of the tax paid. Revenues from this local option tax may only be used to finance public facilities serving economic development purposes and pay for personnel in economic development offices. Public facilities are those listed as an item in county's officially

adopted, overall economic development plan, the economic development section of the comprehensive plan, or listed in the capital facilities plan. For purposes of the tax, "rural counties" are defined as a county with a population density of less than 100 persons per square mile or smaller than 225 square miles. Currently, 32 counties impose the tax.

Beer Tax.

Brewers or distributors of beer pay a tax for the privilege of manufacturing or selling beer in Washington. The tax applies to each 31 gallon barrel or its equivalent in cans and bottles. Beer is also subject to retail sales tax, whether purchased in the original container or for consumption on premises of the seller. In 2010, the total tax rate on beer was temporarily increased from 26 cents per gallon to 76 cents per gallon. An exemption was provided for the first 60,000 barrels sold by small breweries. Beginning on July 1, 2013, the total rate will go back to 26 cents per gallon.

A portion of the beer tax is distributed to counties and cities on the basis of population. Approximately \$5.5 million was distributed in 2011.

Liquor Excise Taxes.

State sales taxes and volume taxes apply to spirits (hard liquor). Spirits are subject to a state volume tax of \$3.7708 per liter for retail sales and \$2.4408 per liter for sales to restaurants. All tax proceeds are deposited in the State General Fund. A state sales tax rate of 20.5 percent applies to spirits sold to consumers in the original package. The regular retail sales tax is not imposed on these sales. A sales tax rate of 13.7 percent applies to spirits sold to establishments that sell the spirits on their premises. The regular sales tax applies to retail sales of beverages by these establishments. Approximately, 26 percent of both sales taxes are deposited in the liquor excise tax fund and then distributed quarterly to cities and counties on the basis of population with a portion funding the Municipal Research Services Center.

Liquor Revolving Fund.

The Washington State Liquor Control Board (WSLCB) was formed in 1933 by the Steele Act to regulate the importation, manufacture, distribution, and sale of alcohol. The WSCLB currently handles the purchase, distribution, and sale of liquor through a state-owned distribution center and state-owned stores and certain contract stores. Washington liquor is currently marked up and taxed prior to sale. The markup is the gross profit the state makes on the sale of liquor (As described above, liquor is also subject to liquor excise taxes at the time of sale.). A portion of the markup supports the operations of the retail state liquor stores and the excess profits received from sales are deposited in the liquor revolving fund and returned to state and local governments. With the passage of Initiative 1183 in November 2011, the WSLCB will cease state liquor store and liquor distribution operations by June 1, 2012.

Initiative 1183 specifies that distributions from the liquor revolving fund to border areas, counties, cities, towns, and the municipal research and services center will be made in a manner that provides each category of recipient an amount from the liquor revolving fund no less than that received during comparable periods prior to the effective date of the initiative plus an additional \$10 million.

The Criminal Justice Training Commission.

The criminal justice training commission (CJTC) provides basic law enforcement training, corrections training, and educational programs for criminal justice personnel, including commissioned officers, corrections officers, and other public safety professionals.

Basic law enforcement officer training is generally required of all law enforcement officers, with the exception of volunteers and reserve officers employed in Washington. The training consists of a 720-hour program (18 weeks) covering a wide variety of subjects including: criminal law and procedures, criminal investigation, firearms training, traffic enforcement, crisis intervention, defensive tactics, and communication skills. Law enforcement personnel must begin basic law enforcement training within the first six months of employment unless otherwise waived by the CJTC.

The CJTC generally provides all the necessary training, facilities, supplies, materials, and room and board (for non-commuting attendees). However, during the 2011-13 biennium, local law enforcement agencies that employ a law enforcement officer must reimburse the CJTC for 25 percent of the training costs.

Basic corrections officer training is generally required of all corrections personnel of the state and local municipalities. The training consists of either a 160-hour (4 weeks) program for adult jails or an 80-hour program for juvenile facilities that teaches the skills needed for maintaining the custody, safety, care, management, and security of jails or juvenile facilities. Corrections personnel must begin basic law enforcement training within the first six months of employment unless otherwise waived by the CJTC.

Prison corrections officers are trained in a separate academy maintained and operated by the Department of Corrections.

The CJTC provides all the necessary training, facilities, supplies, materials, and room and board (for non-commuting attendees) at no cost to the academy attendees or their employers.

In addition to the Basic Law Enforcement Academy and the Law Enforcement Academy, the CJTC provides training to:

- persons responsible for investigating and interviewing children for child sexual abuse and neglect cases;
- law enforcement officers on vehicular pursuits;
- law enforcement officers on how to interact with persons with developmental disabilities or mental illnesses;
- law enforcement officers on how to identify, respond to, and report malicious harassment crimes and other crimes of bigotry or bias;
- law enforcement on investigating and interviewing techniques for cases involving child abuse and neglect; and
- law enforcement and corrections officers hired or promoted to first level supervisors and middle management positions.

All training is provided by the CJTC at no cost to the attendee or his or her employer.

District and Municipal Courts.

District and municipal courts historically have been funded entirely by local jurisdictions. However, legislation enacted in 2005, Engrossed Second Substitute House Bill (E2SSB) 5454, established a mechanism for the state to contribute to the salaries of district judges and elected municipal judges. E2SSB 5454 increased court filing fees and directed that the state's portion of these increased fees would be deposited into the newly-created Equal Justice Sub Account (EJSA) within the Public Safety and Education Account (PSEA). Fifty percent of the funds in the EJSA were dedicated for appropriation to the Administrative Office of the Courts (AOC) for contribution to district and qualifying municipal judge salaries according to a distribution formula developed by the AOC. A city qualifies for state contribution of elected municipal judges' salaries if the city has established by ordinance that the judge is compensated at a rate equivalent to 95-100 percent of a district judge's salary. Remaining funds in the EJSA were dedicated to funding criminal indigent defense, civil legal services, and representation of parents in dependency and termination proceedings. In the 2007-09 biennium, revenues deposited into the EJSA totaled approximately \$12.9 million and \$6.4 million was appropriated by the state for contribution to district and qualifying municipal judge salaries.

Jurisdictions receiving state contributions for district or municipal judge salaries are required to create a trial court improvement account, and are required to deposit an amount equal to 100 percent of the state's contribution into the account. Money in the account must be used to fund improvements to court staffing, programs, facilities, or services.

In 2009 legislation was enacted, (Engrossed Substitute Senate Bill) ESSB 5073, that eliminated a variety of dedicated accounts, including the PSEA and the EJSA. Revenues previously transferred to the EJSA are now deposited into the State General Fund. Although the statutory dedication of the funds in the EJSA was eliminated, the 2009 legislation included intent language that 50 percent of the state's portion of the increased filing fees from 2005 would continue to be used to fund district and municipal judge salaries, and the remaining state revenues from the increased filing fees would continue to be used to fund criminal indigent defense, civil legal services, and parent's representation in dependency and termination proceedings. In the 2009-11 biennium \$6.4 million was appropriated for contribution to district and qualifying municipal judge salaries.

Washington State Patrol's Bureau of Forensic Laboratory Services.

The State Patrol's Bureau of Forensic Laboratory Services (Bureau) provide a wide range of forensic science expertise to city, county, and state law enforcement officers, medical examiners and coroners, assisting agencies at crime scenes, preparing evidence for trial, and providing expert testimony.

The Bureau also oversees and coordinates the efforts of the State's Breath Alcohol Test Program, Drug Evaluation and Classification (DEC) Program, six Crime Laboratories, the Latent Print Laboratory, the CODIS (felon database) Laboratory, and the State Toxicology Laboratory.

Summary of Bill:

Numerous changes to provisions governing or applicable to the operation of counties and cities are made. A summary, by general category, is as follows.

Audits.

The Auditor, with some exceptions, is limited to conducting examinations of county and city financial affairs once every three years. Audits may continue to be conducted more frequently than every three years under specific circumstances, including for local governments that had a finding involving a significant violation of state law or a weakness in internal controls in the preceding year.

Collective Bargaining.

Collective bargaining over the use of volunteers by counties and cities is permissive, rather than mandatory.

Storm Water and Low-Impact Development.

The issuance of a National Pollution Discharge Elimination System (NPDES) municipal storm water general permit by the Department of Ecology (DOE) for Phase II permittees located west of the crest of the Cascade Mountains must include a process providing for:

- technical training on the benefits of low-impact development by the Department of Commerce and the Washington State University Local Improvement District technical training program or equivalent. The training must be provided to the Phase II permittees and the private development community.
- a review and revision by Phase II permittees of their local development-related codes, rules, standards and other documents to remove barriers to, and to specifically authorize, the application of low-impact development principles and best management practices. A staggered four-year schedule with deadlines between June 30, 2015, and June 30, 2018, is established for Phase II permittees in 19 counties.

Phase II permits issued by the DOE must satisfy numerous other requirements, including:

- authorizing incentives to permittees to require low-impact development;
- authorizing permittees to offer specific incentives to prospective developers who use low-impact development techniques and best practices that are consistent with the permit; and
- obligating the DOE to develop model practices for jurisdictions to, at a low cost and liability for permittees, ensure ongoing maintenance of storm water treatment facilities owned by private parties.

The issuance of a NPDES municipal storm water general permit by the DOE for Phase II permittees located east of the crest of the Cascade Mountains must include:

- a process by the DOE to develop a collaborative program to monitor the effectiveness of storm water treatments required by a NPDES municipal storm water general permit; and
- an option allowing jurisdictions to have the DOE perform responsibilities related to measuring the effectiveness of public education and outreach techniques.

Lastly, in preparation for subsequent NPDES municipal storm water general permits, the DOE must review jurisdictional experiences when considering whether and how to expand requirements related to low-impact development.

Public Health System Recommendations.

Statewide organizations representing local public health officials, counties, and cities must convene a work group and develop recommendations to the Legislature on preferred funding and service delivery methods pertaining to Washington's public health system. The work group must include local health jurisdiction representatives, elected county and city representatives, and the

Secretary of the Washington State Department of Health (DOH) or his or her designee. The initial recommendations of the work group must be submitted to the appropriate committees of the Legislature by January 1, 2013.

Public Notice.

Promptly after adoption, cities must post the text of each ordinance on their website and must make the text available at a location designated by the city. Within this same timeframe, cities also must publish an ordinance summary of 50 or fewer words in the official newspaper of the city. A failure to publish an ordinance does not make it invalid. Public notice procedures regarding forthcoming council meetings are amended to provide for the option of posting notice on the city's website.

Numerous public notice and publishing requirements for counties are modified. For example, counties, rather than publishing all legal notices and delinquent tax lists in the official county newspaper, are required to post legal and official notices, but not delinquent tax lists, on their website and to publish related summaries of 50 or fewer words, with web-based links to the full text, in the official county newspaper. A failure to publish an ordinance does not render it invalid. Counties are authorized to publish summaries with web-links, rather than the full text, in the official newspaper of the county for 47 county publication requirements. Examples of newspaper-based publishing actions that counties may satisfy through the publishing of brief summaries include requirements pertaining to:

- requests for competitive bids and notices related to the disposal of county property;
- notices relating to the creation of areas and districts, including aquifer protection areas, park and recreation service areas, and local improvement districts and county road districts; and
- notices associated with land use and planning actions.

Additional County Sales and Use Tax Authority.

Counties are authorized to impose an additional sales and use tax. The tax rate may not exceed 0.1 percent in a county with a population of 250,000 or more and located west of the crest of the Cascade mountains or with a population of 470,000 or more and located east of the crest of the Cascade mountains. In other counties, the tax rate may not exceed 0.2 percent. Cities located in counties eligible to impose the 0.1 percent tax rate may impose the additional sales and use tax if the county in which the city is located has not imposed the tax by January 1, 2013. For a county eligible to impose the 0.1 percent tax rate, the county must distribute 50 percent of tax proceeds to cities within the county on the basis of population. For a county eligible to impose the 0.2 percent tax rate, the county must distribute 20 percent of tax proceeds to cities within the county on the basis of population.

Additional City or County Restaurant Sales and Use Tax.

Cities and counties are authorized to impose a sales and use tax on the sale of food and beverages at restaurants. The tax rate may not exceed 0.5 percent. A county imposing the restaurant sales and use tax must provide a credit for any city restaurant tax imposed within the county. Grocery stores, mini markets, and convenience stores are specifically exempted from the definition of restaurant.

Juvenile Correctional Facility Sales and Use Tax.

The voter-approval requirement for the juvenile correctional facility sales and use tax is removed.

County and City Public Safety Sales and Use Tax.

The voter-approval requirement is removed for the county and city public safety sales and use tax.

County Mental Health/Chemical Dependency Sales and Use Tax.

A county with a population larger than 25,000 and a city with a population over 30,000, which initially imposed the tax after December 31, 2011, may use up to 50 percent of the mental health/chemical dependency sales and use tax to supplant existing funds in the first three calendar years in which the tax is imposed. Up to 25 percent may be used to supplant existing funds in the fourth and fifth years in which the tax is imposed.

County Utility Tax.

Counties are authorized to impose a tax on utility companies. Generally, this would include electric, gas, telephone, water, sewer, solid waste, and cable businesses. A county may not impose a rate that exceeds 6 percent. The tax may be used for public safety services, infrastructure, capital projects, and other services. Counties must provide a credit for any city utility tax imposed on the same service. A city or town may request an additional deduction against the county utility tax for services provided within the city or town. A county may not impose the tax on manufacturing facilities, aircraft repair facilities, industrial parks, industrial facilities, farm businesses, and computer data centers.

Fees to Process Applications Under the State Environmental Policy Act.

A city, county, or other jurisdiction may charge reasonable fees necessary to cover proportionate staffing, administrative, and facility costs associated with the processing of applications, plans, or statements required under the State Environmental Policy Act.

Acceptance of Credit Cards by Cities.

Cities are explicitly authorized to accept credit cards, charge cards, debit cards, smart cards, and other forms of electronic payment.

City and County Criminal Justice Assistance Distributions.

Distributions to cities and counties from the county and municipal criminal justice assistance accounts are discontinued after October 1, 2012.

Rural County Sales and Use Tax.

Beginning January 1, 2013, the provision allowing the rural county sales and use tax to be credited against the state sales and use tax is removed. Therefore, the total state and local tax rate will increase by 0.09 percent in those counties imposing the tax. The maximum rate is increased by 0.01 percent from 0.09 percent to 0.1 percent.

Beer Tax.

Beginning January 1, 2013, beer tax distributions to cities and counties are discontinued and redirected into the state general fund.

Liquor Excise Taxes.

The final distribution to cities and counties from the liquor excise tax fund is the October 2012 distribution. Liquor taxes earmarked for deposit into the liquor excise tax fund will continue to

be deposited into the fund until January 1, 2013. Beginning January 1, 2013, these taxes will be deposited in the state general fund.

On January 1, 2013, money remaining in the liquor excise tax fund will be transferred to a new account called the local government contingency account. Money in the account will be distributed to cities or counties as one-time grants. To qualify for a grant, the city or county must impose the new general sales and use tax and demonstrate that critical services cannot be maintained.

Liquor Revolving Fund.

Beginning July 1, 2012, the distributions to cities and counties from the liquor revolving fund are modified. Instead of distributing monies to cities and counties formulaically based on amounts deposited in the fund, distributions will be made as provided under Initiative Measure No. 1183.

The Criminal Justice Training Commission.

Effective July 1, 2012, any county or city agency that employs, transfers, or promotes a law enforcement officer or a corrections officer must reimburse the CJTC for 100 percent of the total costs relating to training that particular officer. In addition, county and city agencies will be responsible for reimbursing the CJTC for 100 percent of the training costs relating to employees participating in any specialized training courses for investigating child sexual abuse cases, vehicular pursuits, interacting with persons with developmental disabilities or mental illnesses, identifying and responding to malicious harassment crimes, and investigating child abuse and neglect cases.

District and Municipal Courts.

The act eliminates language specifying that state's portion of the increased filing fees from 2005 would continue to be used to fund district and municipal judge salaries, criminal indigent defense, civil legal services, and parent's representation in dependency and termination proceedings. The requirement that the AOC distribute amounts appropriated for contribution to district and qualifying municipal judge salaries is eliminated. The requirement that jurisdictions receiving state contributions for district or municipal judge salaries must create a trial court improvement account and deposit an amount equal to 100 percent of the state's contribution into the account is eliminated.

Washington State Patrol's Bureau of Forensic Laboratory Services.

The Washington state patrol's bureau of forensic laboratory services, with assistance from the forensic investigations council, is authorized to establish and charge a fee to offset 50 percent of the costs of providing services to local governments.

Appropriation: None.

Fiscal Note: Requested on February 27, 2012.

Effective Date: The bill takes effect July 1, 2012, except sections 309, 311, 312, and 314 through 320, relating to liquor excise taxes, which take effect January 1, 2013.