

# HOUSE BILL REPORT

## ESHB 1274

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**As Passed House:**  
February 27, 2013

**Title:** An act relating to local government practices and procedures.

**Brief Description:** Concerning local government practices and procedures.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Alexander, Takko, Taylor and Fey).

**Brief History:**

**Committee Activity:**

Local Government: 2/1/13, 2/7/13 [DPS].

**Floor Activity:**

Passed House: 2/27/13, 88-9.

**Brief Summary of Engrossed Substitute Bill**

- Removes requirements obligating cities and towns to transmit certain adopted budget documents to the Association of Washington Cities and the State Auditor.
- Authorizes cities and towns to accept credit cards, charge cards, debit cards, and other forms of electronic payment for payments of any kind.
- Repeals duplicate receipt production and related filing and penalty provisions for county sheriffs.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Taylor, Ranking Minority Member; Kochmar, Assistant Ranking Minority Member; Buys, Crouse and Springer.

**Minority Report:** Do not pass. Signed by 1 member: Representative Liias.

**Staff:** Ethan Moreno (786-7386).

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*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.*

## **Background:**

### Municipal Budgets - Transmission of Adopted Budget Documents.

Statute establishes numerous requirements governing the creation, adoption, and modification of annual and biennial city and town budgets. For example, first class cities with fewer than 300,000 persons, second class cities, and towns must satisfy hearing requirements for the jurisdictions' annual proposed final budget. After the conclusion of that hearing, but before the beginning of the fiscal year, the legislative authority of the city or town must make final changes to the proposed budget and adopt the budget, in its final form and content, by ordinance. A complete copy of the final budget, as adopted, must be transmitted to the Association of Washington Cities (AWC), a private, nonprofit, non-partisan corporation that represents Washington's cities and towns before the Legislature, the executive branch, and with regulatory agencies.

Similarly, the legislative authorities of cities and towns that elect to prepare biennial budgets must satisfy hearing requirements and must adopt their budget, in final form and content, by ordinance. A complete copy of the adopted final budget, and subsequent mid-biennial budget reviews and modifications, must be transmitted to the AWC and the State Auditor, the independently-elected state official charged with auditing the accounts of revenue collectors and other holders of public money who are required to pay their moneys into the state treasury.

### Payment Methods.

In 2003 the Legislature authorized county treasurers to accept credit cards, charge cards, debit cards and other forms of electronic payment for payments of any kind. With limited exceptions, a person using an acceptable electronic payment form is required to bear the cost of processing the transaction in an amount determined by the treasurer. The cost determination must be based upon costs incurred by the treasurer and may not exceed the additional direct costs incurred by the county to accept the specific form of payment utilized by the payer.

A comparable electronic payment authorization does not exist for cities and towns.

### Duplicate Receipts - Sheriff's Office.

County sheriffs are required to make duplicate receipts for all received payments for his or her services. At the time of payment of any fees, the sheriff must deliver to the person making payment, either personally or by mail, the copy of the receipt designated "duplicate." The original receipts for each month, and an attached verified statement of fees, must be filed each month with the county treasurer. A sheriff may not receive his or her salary for the preceding month until the duplicate receipt and monthly filing requirements have been satisfied. A sheriff who fails to perform these requirements is guilty of a misdemeanor and must be fined between \$10 and \$50 for each offense.

## **Summary of Engrossed Substitute Bill:**

A requirement obligating first class cities with fewer than 300,000 persons, second class cities, and towns to transmit a complete copy of their annually adopted final budget to the Association of Washington Cities (AWC) is deleted.

A requirement obligating cities and towns that prepare biennial budgets to transmit a copy of their adopted final budget and mid-biennial budget modifications to the State Auditor and the AWC is deleted.

Cities and towns are authorized to accept credit cards, charge cards, debits cards, and other specified forms of electronic payment for payments of any kind. A person using an acceptable electronic payment form is required to be assessed a convenience fee to cover the cost of processing the transaction in an amount determined by the city or town. The cost determination of the convenience fee must be based upon costs incurred by the city or town and may not exceed the additional direct costs incurred by the jurisdiction to accept the specific form of payment utilized by the payer.

Provisions requiring county sheriffs duplicate receipts for received payments and to satisfy related monthly filing requirements are repealed. Associated compensation withholding and penalty provisions are also repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is a 'clean-up' bill that eliminates redundant and antiquated language. This bill allows cities and towns to accept credit card payments, a practice they are already employing.

A vetoed provision in 2012 called for the Office of Financial Management (OFM) to review and make recommendations for eliminating reports and mandates that create additional and unnecessary expenses for local governments. Governor Gregoire, in her veto message, indicated that she would work with cities and counties to find unnecessary, burdensome, and costly reports and mandates. In completing this effort, the Association of Washington Cities provided a list of reports and mandates that was subsequently reduced by the OFM. This bill is the result of the OFM and cities working together.

Cities should be allowed to accept the cost of processing the electronic transactions rather than being required to pass on the costs to the payers.

(Opposed) None.

**Persons Testifying:** Representative Takko; Dave Williams, Association of Washington Cities; and Joanie Deutsch, City of Marysville.

**Persons Signed In To Testify But Not Testifying:** None.