

HOUSE BILL REPORT

HB 2988

As Reported by House Committee On: Appropriations

Title: An act relating to making expenditures from the budget stabilization account to make critical investments.

Brief Description: Making expenditures from the budget stabilization account to make critical investments.

Sponsors: Representative Dunshee.

Brief History:

Committee Activity:

Appropriations: 2/22/16, 2/23/16 [DPS].

Brief Summary of Substitute Bill

- Appropriates a total of \$317.461 million from the Budget Stabilization Account for local effort assistance transition, fire suppression and mobilization, and homeless assistance.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Cody, Fitzgibbon, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Pettigrew, Robinson, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

Minority Report: Do not pass. Signed by 15 members: Representatives Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Condotta, Dent, Haler, Harris, MacEwen, Magendanz, Manweller, Schmick, Stokesbary, Taylor and Van Werven.

Staff: Kristen Fraser (786-7148).

Background:

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.

Budget Stabilization Account.

In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the state Constitution. Each year, the State Treasurer must deposit 1 percent of general state revenues (GSR) into the constitutionally created BSA. The term GSR is defined in the Constitution and is largely equivalent to the statutory State General Fund (GFS).

In general, appropriations from the BSA require a three-fifths majority in each chamber of the Legislature, but in the case of a catastrophic event or low employment growth, the Legislature may appropriate from the BSA with a constitutional majority vote of each chamber.

Local Effort Assistance.

The Local Effort Assistance (LEA) program, also known as levy equalization, was created in 1987. Under LEA, the state provides additional funding to school districts that are at a relative disadvantage in raising maintenance and operations levies due to relatively low property values. School districts are eligible for LEA if they have a higher than average levy rate and if the district has certified a maintenance and operations levy. The state provides assistance to equalize levies up to 14 percent of the levy base, which is half of the 28 percent levy lid that is applied to the majority of districts. Beginning in 2018, the state levy lid will generally decrease to 24 percent, and the equalization percentage will decrease to 12 percent, maintaining the current one-half policy.

Engrossed House Bill 2698 passed the House of Representatives on February 17, 2016. The bill extends the current levy lid and LEA percentage by one year to 2019. The bill also creates the Local Effort Assistance Transition Account as an appropriated account in the State Treasury. Expenditures from the account may be used only for state LEA funding in the 2017-19 biennium.

Fire Suppression and Mobilization.

The Department of Natural Resources (DNR) is the primary fire suppression agency for the State of Washington. The DNR has responsibility for protecting state and private forested land, lands that threaten forested lands during a wildfire, and nonforested lands under a protection agreement. The DNR fights wildfires in coordination with a number of state, federal, and local agencies, but in general the DNR is responsible for the costs of fire suppression on lands under DNR protection.

The Washington Department of Fish and Wildlife (WDFW) has a protection agreement with the DNR for nonforested WDFW lands. The WDFW pays the DNR for the DNR's fire suppression costs on lands protected under this agreement, and also pays local fire districts for fire suppression on WDFW lands.

The Legislature traditionally appropriates a base amount to cover fire suppression costs in the operating budgets of the DNR and the WDFW. When either agency's estimated final costs for fire suppression exceed the base amount for the fiscal year, the agency requests additional funding in a supplemental budget.

The Chief of the Washington State Patrol (WSP) has the authority to mobilize jurisdictions under the Washington State Fire Services Mobilization Plan. The purpose of the mobilization plan is to provide a mechanism to quickly notify, assemble, and deploy fire service personnel and equipment to any local fire jurisdiction in Washington that has expended or will expend all available local and mutual aid resources in attempting to manage fires, disasters, or other events that jeopardize a jurisdiction's ability to provide for the protection of life and property. The State Fire Marshal within the WSP serves as the state fire resources coordinator when a state mobilization plan is mobilized.

Homeless Assistance Programs.

The Department of Commerce (Department) has a number of homeless assistance and prevention programs within its portfolio, including:

- Consolidated Homeless Grant (CHG) combines state homeless resources into a single grant opportunity for county governments and other designated entities.
- Emergency Solutions Grants (ESG) are funded by the United States Department of Housing and Urban Development (HUD) Homeless Emergency Assistance and Rapid Transitions to Housing Act of 2009. The Department is a grantee of HUD and administers this award for eligible counties and cities that are not direct recipients of HUD. The purpose of the ESG program is to provide homelessness prevention assistance to households who would otherwise become homeless and to provide assistance to rapidly re-house persons who are experiencing homelessness.
- The Office of Homeless Youth Prevention and Protection Programs provides services for youth and adults relating to stable housing, permanent connections, education and employment, social and emotional well-being, and safety.
- Independent Youth Housing Program (IYHP) provides rental assistance and case management for eligible youth who have aged out of the state foster care system. The Department contracts with five agencies to provide program services.

Homeless Management Information Systems (HMIS) is used by state and federally funded homeless and housing service providers to collect and manage data gathered during the course of providing housing assistance to people already experiencing homelessness and to households at-risk of losing

Summary of Substitute Bill:

A total of \$317.461 million is appropriated from the Budget Stabilization Account (BSA) for the 2015-17 fiscal biennium for various purposes.

Local Effort Assistance.

The sum of \$90.557 million is appropriated from the BSA for expenditure into the Local Effort Assistance Transition Account. Legislative intent is declared that any balance in that account which is unexpended at the end of the 2017-19 fiscal biennium must be transferred back to the BSA.

Fire Suppression and Mobilization.

The sum of \$154.966 million is appropriated from the BSA to the Department of Natural Resources and \$344,000 is appropriated from the BSA to the Washington Department of Fish and Wildlife for those agencies' fire suppression costs in the 2015 fire season. The agencies may not retain any portion of the appropriations for their indirect or administrative costs.

The sum of \$34.365 million is appropriated from the BSA to the Washington State Patrol for fire service mobilization costs.

Homeless Assistance.

The sum of \$37.229 million is appropriated from the BSA into the Homeless Assistance Account, which is newly created as an appropriated account in the State Treasury. Expenditures from the account may be used only for housing assistance, support services, and other purposes to address the state's homeless population.

Substitute Bill Compared to Original Bill:

The original bill declared intent to make appropriations from the Budget Stabilization Account (BSA). The substitute removes the intent declaration and adds the appropriations of \$317.461 million from the BSA.

Appropriation: The sum of \$90.557 million is appropriated from the Budget Stabilization Account (BSA) for expenditure into the Local Effort Assistance Transition Account.

The sum of \$154.966 million is appropriated from the BSA to the Department of Natural Resources and \$344,000 is appropriated from the BSA to the Washington Department of Fish and Wildlife for those agencies' fire suppression costs in the 2015 fire season.

The sum of \$34.365 million is appropriated from the BSA to the Washington State Patrol for fire service mobilization costs.

The sum of \$37.229 million is appropriated from the BSA into the Homeless Assistance Account, which is newly created as an appropriated account in the State Treasury.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) The appropriation for homeless assistance is good for the thousands of people experiencing homelessness every night in our state. Homelessness is an emergency across the state. Homelessness impedes a student's ability to learn, prevents persons with chronic mental illness from accessing care, and causes long-term health impacts including death and chronic disease. Early results taken from the annual count show that in at least the three biggest counties in the state, there is a dramatic increase in unsheltered homelessness.

(Opposed) There is concern about the effect on the reserves of the additional transfers and spending in the budget. Reserves ended up equaling about 2 percent of appropriations for the current biennium and about 1 percent for 2017-19. With the slowing global economy and a much higher downside probability of growth in the months and years ahead, it is important to protect the reserve. The State Treasurer has cautioned against similar uses of rainy day funds.

Persons Testifying: (In support) Michele Thomas, Washington Low Income Housing Alliance.

(Opposed) Eric Lohnes, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.