
Appropriations Committee

HB 2006

Brief Description: Providing cities and counties flexibility with existing resources.

Sponsors: Representatives Koster, Lytton, Springer, Volz, Senn, Tharinger, Fey, Stokesbary, Appleton, Nealey, Chapman and Ormsby.

Brief Summary of Bill

- Removes prohibitions on supplanting (replacing) existing local government expenditures with state distributions from the County and Municipal Criminal Justice Assistance Accounts.
- Removes prohibitions on supplanting existing local government expenditures with proceeds from a locally imposed 0.1 percent sales and use tax dedicated to mental health and substance abuse.
- Removes the prohibition on supplanting an existing portion of Municipal Criminal Justice Assistance Account distributions allowable for enhancing state crime lab services.
- Removes various time-limited provisions applying only to previous biennia.

Hearing Date: 2/20/17

Staff: Dave Johnson (786-7154).

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.

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.

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 289 cities and towns (as of April 1, 2016) can change through annexation, the state's counties are legal subdivisions of the state and have fixed boundaries.

Criminal Justice Assistance Account Distributions.

Legislation was enacted in 1990 providing financial assistance for the 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, funding was replaced by statutorily required transfers from the State General Fund to these accounts. These transfers take place on a quarterly basis. Amounts are increased each year by the fiscal growth factor. The fiscal growth factor is the average growth, calculated as a geometric mean, in state personal income for the prior 10 fiscal years.

In addition, funds for the cost of implementing several pieces of legislation relating to driving under the influence are also distributed to cities and counties using these accounts.

County Criminal Justice Assistance Account Distributions.

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.

Amounts distributed from these accounts must be used exclusively for criminal justice purposes and may not replace or supplant existing funding. Criminal justice purposes include activities that substantially assist the criminal justice system and includes domestic violence services.

Existing funding is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

Up to 5 percent of the funding may be appropriated for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Those amounts may not supplant existing funding from the State General Fund.

The currently enacted omnibus operating budget assumes distributions of \$86,178,000 from this account for the time period July 1, 2015, through June 30, 2017. An additional \$2,156,000 is provided for the implementation of driving under the influence related legislation.

Municipal Criminal Justice Assistance Account Distributions.

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 primarily on the basis of violent crime rates per capita and on the basis of population. The other half of the total moneys are 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 crime rates in excess of 125 percent

of the statewide average and the other for cities and towns with crime rates in excess of 175 percent of the statewide average. There are limits on what any one city can receive as well as certain criteria that must be met to receive a distribution.

Amounts distributed from these accounts must be used exclusively for criminal justice purposes and may not replace or supplant existing funding. Criminal justice purposes include activities that substantially assist the criminal justice system and includes domestic violence services. For the high crime distribution, allowable uses also include publications and public educational efforts designed to provide information and assistance to parents in dealing with runaway or at-risk youth.

Up to 5 percent of the funding may be appropriated for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Those amounts may not supplant existing funding from the State General Fund.

Existing funding is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

The currently enacted omnibus operating budget assumes combined distributions of \$33,493,000 from this account for the time period July 1, 2015, through June 30, 2017. An additional \$1,437,000 is provided for the implementation of driving under the influence related legislation.

Mental Health/Chemical Dependency Sales and Use Tax.

A locally imposed county mental health/chemical dependency sales and use tax of 0.1 percent was authorized in 2005. The proceeds of the tax must be devoted to county mental health treatment, chemical dependency, and therapeutic court programs and services. With certain limited exceptions, tax receipts cannot be used to supplant (replace) existing funds being used for these programs and services.

Revenues used to support the cost of a judicial officer and support staff of a therapeutic court are exempted from supplant restrictions. Also exempted from the supplant restrictions are revenues used to replace previously lapsed federal funding for the operation or delivery of certain services.

Counties with a population larger than 25,000 or a city with a population over 30,000, who initially imposes the tax after December 31, 2011, may supplant a portion of existing funding for the first five years after adoption. The amounts permitted to be supplanted range from 50 percent (first three years) of collections to 25 percent (years four and five) of collections.

For calendar years 2010 through 2016, a portion of the tax receipts were partially and temporarily allowed to supplant (replace) existing funds being used for these programs and services. The amount of supplanting permitted depended on the calendar year, size of the jurisdiction, and when the local option tax was imposed. Counties with both a population of not more than 25,000 and who imposed the tax prior to January 1, 2012, were provided the greatest ability to supplant funding.

Every county that authorizes the tax must establish and operate a therapeutic court component for dependency proceedings designed to be effective for the court's size, location, and resources.

The sales and use tax has been imposed in 23 counties: Clallam, Clark, Columbia, Cowlitz, Ferry, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Okanogan, Pacific, San Juan, Skagit, Skamania, Snohomish, Spokane, Thurston, Wahkiakum, Walla Walla, and Whatcom.

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. Tacoma is the only city that collects the sales tax under this provision.

Total tax collections in 2015 for all counties and cities collecting the mental health/chemical dependency sales and use tax was approximately \$114 million.

Summary of Bill:

Criminal Justice Assistance Account Distributions.

The prohibition on supplanting existing local government expenditures with state distributions from the County and Municipal Criminal Justice Assistance Accounts is eliminated. The methodology for calculating supplantation is also removed.

Under one of the Municipal Criminal Justice Assistance Account distributions, the prohibition on supplanting an existing portion of an amount allowable for enhancing state crime lab services is eliminated.

Mental Health/Chemical Dependency Sales and Use Tax.

The prohibition on supplanting existing local government expenditures with proceeds from a locally imposed 0.1 percent sales and use tax dedicated to mental health and substance abuse is eliminated.

Provisions allowing supplanting of funds in certain circumstances are also eliminated as the bill generally allows supplanting of existing local government funds.

Various time-limited provisions applying only to previous biennia are removed.

Appropriation: None.

Fiscal Note: Available.

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