
Local Government Committee

HB 1008

Brief Description: Studying the constitutional and statutory obligations and tax revenue capacity of local government entities.

Sponsors: Representative Appleton.

Brief Summary of Bill

- Requires the Department of Commerce to study and prepare a report that analyzes local governments' revenue capacity in relation to their constitutional and statutory obligations.
- Requires a final report to be submitted to the Governor and the Legislature by June 30, 2020.
- Appropriates a total of \$100,000 from the Liquor Revolving Fund to the Department of Commerce for purposes of studying and preparing the report.

Hearing Date: 1/16/19

Staff: Yvonne Walker (786-7841).

Background:

Department of Commerce.

The Department of Commerce (COM), formerly known as the Department of Community, Trade and Economic Development, is an executive branch agency that was created in 1994 through the consolidation of the Department of Community Development and the Department of Trade and Economic Development. The COM is responsible for promoting community and economic development statewide by: (1) assisting communities to increase economic vitality and the quality of citizens' lives, and (2) assisting the state's businesses to maintain and increase economic competitiveness while maintaining a healthy environment.

Community and economic development efforts include:

- efforts to increase economic opportunity;

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- local planning to manage growth;
- the promotion and provision of affordable housing and housing-related services;
- providing public infrastructure;
- business and trade development;
- assisting firms and industrial sectors to increase their competitiveness;
- fostering the development of minority and women-owned businesses;
- facilitating technology development, transfer, and diffusion;
- community services and advocacy for low-income persons; and
- public safety efforts.

Liquor Revolving Fund.

The State Treasurer maintains and administers the Liquor Revolving Fund (fund) that consists of all license fees, permit fees, penalties, and all other monies, income, or revenue received by the Liquor and Cannabis Board (LCB). Money in the fund, derived from commercial and regulatory activities involving liquor, is subject to quarterly distribution by the LCB in accordance with specified requirements. The money is used for LCB expenses and excess funds are distributed to the State General Fund and to cities, towns, and counties.

Summary of Bill:

The COM must study and prepare a report that analyzes local governments' revenue capacity in relation to their constitutional and statutory obligations. The report must include:

- a comparison of county expenses for services provided as agents of the state compared to the state and local revenue capacity for state services;
- an analysis of where funding gaps are most pronounced;
- how the situation has changed over the last 30 years; and
- baseline data and a methodology that can be replicated in future studies and analysis.

An interim report must be submitted to the Governor and the appropriate committees of the Legislature by December 31, 2019 with a final report due by June 30, 2020.

A total of \$100,000 is appropriated from the liquor revolving fund to the COM for purposes of the study and providing the reports to the Governor and the Legislature.

Appropriation: The sum of \$100,000

Fiscal Note: Requested on January 11, 2019

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