

HOUSE BILL REPORT

SSB 6297

As Passed House:

March 3, 1998

Title: An act relating to local public health financing.

Brief Description: Revising the formula for local public health financing in a county where a city annexed territory with fifty thousand residents or more in 1996 or 1997.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Benton, Bauer and Snyder).

Brief History:

Committee Activity:

Appropriations: 2/25/98, 2/26/98 [DP].

Floor Activity:

Passed House: 3/3/98, 95-3.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Julie Salvi (786-7349).

Background: The state imposes a motor vehicle excise tax (MVET) in lieu of property taxes on automobiles. The tax is levied annually on the value of the vehicle at a rate of 2.2 percent. Of the basic 2 percent MVET rate, 1.6 percent is distributed to the county sales and use tax equalization account. The tax equalization account provides moneys to counties receiving lower than average sales and use tax revenues.

Of the basic 2 percent MVET rate, 2.95 percent is deposited into the county public health account. Moneys in the county public health account are distributed to local public health jurisdictions. The Department of Community, Trade and Economic Development certifies the amounts to be distributed to each jurisdiction using 1995 as the base year of actual city contributions. An adjustment is made to compensate local jurisdictions for

revenues that would be lost due to any city incorporations that took place in 1994 or 1995. The adjustment is funded from an apportionment of excess fund balance from the county sales and use tax equalization account. Any remaining fund balance in the county sales and use tax equalization account is deposited in the state general fund.

Summary of Bill: The adjustment for local health jurisdictions is expanded to include compensation for revenues that public health jurisdictions would lose due to city annexation of areas with 50,000 or more residents as a result of a petition during 1996 or 1997. Consideration of the annexation area will result in additional revenue for the local public health district. The amount of excess fund balance distributed to the state general fund from the county sales and use tax equalization account will be reduced by an equal amount.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 1998.

Testimony For: The county provides funding to the health district. When an area is annexed to a city, the county loses part of its tax base. In addition, the health district funding provided from the state through the public health account remains constant because this funding is based on 1995 city contributions. This unintended consequence of the current law results in a hit to public health financing and a demand on county finances when the county tax base has decreased. This deficit in funding would have a significant impact on the health district if it is not addressed with the changes in this bill. The county and the health district need help on this from the state.

Testimony Against: None.

Testified: Mark Brown, City of Vancouver; David Kelly, Southwest Washington Health District; and Chuck Williams, Clark County.