

# HOUSE BILL ANALYSIS

## HB 2477

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**Title:** An act relating to funding the municipal research council.

**Brief Description:** Funding the municipal research council.

**Sponsors:** Representatives D. Schmidt, Scott, Esser, Mielke, Mulliken, Fisher, O'Brien, Edwards, Doumit, Kastama, Ruderman, Linville, Romero, Lantz, Edmonds, Kenney, and Van Luvan.

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### Brief Summary of Bill

- Creates the City and Town Research Services Account to fund the Municipal Research Council with excess money from the Liquor Revolving Fund.

**Background:** The Municipal Research Council (MRC) is a state agency established in 1969 to contract for the provision of municipal research and services to cities, towns, and counties. The MRC contracts with the Municipal Research & Services Center of Washington, which responds to city and county officials' requests for information on law, finance, growth management, personnel management, and public works, and other issues.

Because Referendum 49 eliminated the general fund distribution of the MVET, it eliminated a portion of the MRC's funding. Legislation enacted in 1999 provided for the MRC's funding to be deducted from amounts that would otherwise have been distributed to cities and towns through the city police and fire protection assistance account and the municipal sales tax equalization account. However, both of these distributions were eliminated by Initiative 695.

Excess funds from the Liquor Revolving Fund consist of profit from liquor sales. In 1999, towns' and cities' share of this profit amounted to \$21 million.

MRC was appropriated \$1.8 million for Fiscal Year 2001. MRC agreed with the towns and cities to take an amount 3.5 percent lower than this, or \$1.69 million, out of the cities' and towns' share of the liquor profits for Fiscal Year 2001.

Initiative 601 requires a reduction in the state expenditure limit when the cost of a program is shifted from the general fund to another account.

**Summary:** The City and Town Research Services Account, an appropriated account, is created to fund the Municipal Research Council's services to cities and towns. The revenue source for the account is a deduction from the 40 percent share of excess amounts in the Liquor Revolving Fund that is currently distributed to towns and cities. The amount to be deposited in the account will be determined by the amount the legislature appropriates to the MRC from the account.

The general fund expenditure limit will be reduced by the cost of the program, but the general fund will no longer be obligated to provide funding for the MRC, so there is no net impact on the general fund expenditure limit.

**Appropriation:** None.

**Effective Date:** This bill contains an emergency clause and takes effect on July 1, 2000.

**Fiscal Note:** Requested on January 14, 2000.