

# HOUSE BILL REPORT

## HB 2366

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### As Reported By House Committee On:

Appropriations

**Title:** An act relating to local public health financing.

**Brief Description:** Modifying local public health financing.

**Sponsors:** Representatives Casada, Regala, Talcott, Huff, Conway and McMahan.

### Brief History:

#### Committee Activity:

Appropriations: 1/22/96, 1/29/96 [DPS].

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Carlson; Chappell; Cooke; Crouse; Dyer; Foreman; Grant; Hargrove; Jacobsen; Kessler; Lambert; Linville; McMorris; Reams; Rust; Sehlin; Sheahan; Silver; Talcott and Wolfe.

**Staff:** Jim Lux (786-7152).

**Background:** The Health Services Act of 1993 amended the distribution of Motor Vehicle Excise Taxes (MVET) between cities and counties for local public health purposes. The MVET distribution percentage to cities for public health was reduced by 2.95 percent, and the counties' distribution percentage was increased by the same 2.95 percent. The change in the city and county distribution percentages was originally scheduled to take effect July 1, 1995. An analysis using the revised distribution percentages identified that the 2.95 percent shift from cities to counties would result in certain cities' contributing less to support local public health services than they were providing under the existing distribution methodology. The effect was that certain local health jurisdictions would receive less funding for public health services using the new distribution percentages. The collective state-wide funding shortfall was identified as \$2.25 million. With the additional funding, county health departments and local public health districts could continue to provide current levels of service beginning July 1, 1995.

The county and local public health district funding problem was mostly resolved during the 1995 Session with the passage of SSB 6058 (C 15 L 95 E1). The solution included the establishment of a funding benchmark that would ensure that no city contribution was less than the calendar year 1995 level expended for public health purposes. Funding to ensure that the city contributions met the calendar year 1995 levels was contained in the 1995-97 Appropriations Act in the form of a \$2.25 million state treasurer transfer from the Public Health Services Account to the County Public Health Account, for distribution to county public health departments and local health districts. The County Public Health Account was created to provide a means to distribute funds for local public health entities. Sources of funding identified for deposit into the account were the 2.95 percent MVET distribution amount for public health and potential appropriations from the Health Services Account and the Public Health Services Account. The implementation date of the revised distribution percentages was extended to January 1, 1996.

The situation that was not contemplated in SSB 6058 was the inclusion of the population in cities that were in the process of incorporating at the time the funding problems with the 2.95 percent shift were being addressed. The populations in these newly incorporated cities are not recognized in the new distribution formula, and some local public health jurisdictions are underfunded.

**Summary of Substitute Bill:** The director of the Department of Community, Trade and Economic Development shall adjust the amount of funding to be distributed to local health jurisdictions to compensate any city that became newly incorporated as a result of an election during calendar years 1994 and 1995. The adjusted amounts shall equal the amounts the newly incorporated cities would have contributed to their local public health jurisdictions had their populations been included in the existing distribution formula for local public health services. This adjustment in funding for local public health jurisdictions expires June 30, 1997.

The source of funding for this adjustment is the available fund balance in the County Sales and Use Tax Equalization Account. After all current statutory distributions from the County Sales and Use Tax Equalization Account are made, the transfer to the County Public Health Account for distribution to local public health shall occur. After the transfer for local public health, any remaining fund balance in the County Sales and Use Tax Equalization Account will be deposited in the state general fund. If there is no fund balance from which to make a distribution for local public health, no distribution shall be made. The cities and counties affected by this distribution change are University Place, Lakewood, and Edgewood in Pierce County and Shoreline in King County.

**Substitute Bill Compared to Original Bill:** The calculation of city contribution amounts is modified to accurately reflect the funding necessary to make up the shortfalls experienced by the Tacoma/Pierce County Health District and the

Seattle/King County Health District. The funding adjustment is changed from ongoing to being limited to the current biennium and shall expire June 30, 1997.

**Appropriation:** None.

**Fiscal Note:** Requested on January 19, 1996.

**Effective Date of Substitute Bill:** This bill takes effect on July 1, 1996.

**Testimony For:** The Tacoma/Pierce County Health District is experiencing a shortfall of \$775,000 and is in need of the funding made available through this legislation.

**Testimony Against:** None.

**Testified:** Representative Sarah Casada, prime sponsor; and Leonard Sanderson, Chair of Tacoma/Pierce County Health Board.