

SENATE BILL REPORT

SB 6058

As Reported By Senate Committee On:
Ways & Means, April 10, 1995

Title: An act relating to local public health governance and financing.

Brief Description: Modifying local public health governance and financing.

Sponsors: Senator Loveland.

Brief History:

Committee Activity: Ways & Means: 4/4/95, 4/10/95 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6058 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Johnson, Long, McDonald, Pelz, Quigley, Roach, Sheldon, Snyder, Spanel, West and Wojahn.

Staff: Steve Lerch (786-7474)

Background: Prior to July 1, 1995, 8.83 percent of the motor vehicle excise tax (MVET) is distributed to cities and towns, based on their relative percentage of the state's incorporated population. These funds are to be used only for police and fire protection and for public health purposes. Local health departments could be cities, towns, counties, or groups of counties. The Washington Health Services Act of 1993 amends the distribution of MVET to local governments by reducing the share distributed to cities and towns to 5.88 percent and limiting the use of these funds to providing police and fire protection. The remaining 2.95 percent of the MVET previously provided to cities and towns is distributed to counties based on their relative percentage of total state population and is earmarked for public health purposes. Counties, or groups of counties, are designated as local health departments.

The change in the MVET distribution formula required in the Washington Health Services Act results in a redistribution of funds across counties. Prior to July 1, 1995, the 2.95 percent of MVET which will be shifted to counties is distributed based on incorporated population, while after July 1, 1995, this portion of the MVET will be distributed on the basis of total state population. This results in a shift of MVET funds away from counties with a greater share of their population in incorporated areas and towards counties with a greater share of their population in unincorporated areas.

Additionally, in many counties the share of public health funding provided by cities has not been equal to the amount of MVET funding cities will lose as of July 1, 1995. For some cities, the combined loss of MVET funds and the loss of responsibility for any further public

health financing is a net gain, while for other cities it is a net loss. Likewise, some county health departments will lose more in city public health financing than they will gain in MVET and vice versa.

The Washington Health Services Act also expanded state support of local public health through appropriations from the health services account and the public health services account.

SSB 5253, passed by the Senate, contains provisions affecting local public health governance which take effect January 1, 1996 only if one of two conditions is met: \$2.25 million is appropriated either in the 1995 omnibus appropriations act or as a result of passage of SB 6058 to implement the specified governance changes. If neither of these conditions is met, the governance changes in SSB 5253 do not take effect until January 1, 1998.

Summary of Substitute Bill: The county public health account is created and includes the following funds: the 2.95 percent of the MVET that would otherwise be distributed to counties for public health, and appropriations from the health services account and the public health services account. Distributions from this account to local public health departments equal the 1995 level of city contributions for public health within the county or health district. Any funds in the account above this level are distributed to public health departments based on their relative share of the state's incorporated population for public health purposes.

Substitute Bill Compared to Original Bill: Excess funds in the county sales and use tax equalization account are no longer appropriated for deposit in the county public health account. Any funds in the county public health account above the 1995 level of city contributions for public health are distributed to counties based on their relative share of the state's incorporated population rather than on their relative share of the state's total population.

Appropriation: \$5.275 million General Fund-State.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 1996.

Testimony For: This bill is necessary to finance the local public health governance changes enacted in SB 5253. It is also necessary to offset the shortfall in local public health financing which will result from the changes enacted as part of the 1993 health care reform bill and which take effect July 1, 1995. While additional funding is needed it does not necessarily have to be from the excess funds in the county sales and use tax equalization account. Cities and counties favor the approach in this bill if it is amended to distribute funds in excess of the 1995 city contribution levels proportionate to incorporated population rather than total population.

Testimony Against: None.

Testified: Jean Wessman, Washington State Association of Counties (pro); Kathy Gerke, Association of Washington Cities (pro with amendment); Susan Crowley, City of Seattle (pro with amendment); Lisa Clausen, City of Auburn (pro with amendment).