
Local Government Committee

HB 2737

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

Sponsors: Representatives Appleton, Nealey, McBride, Lytton, Peterson, Griffey, Doglio and Wylie.

Brief Summary of Bill

- Requires the Department of Commerce to study and prepare a report that analyzes local government's revenue capacity in relation to their constitutional and statutory obligations.
- Requires a report to be submitted to the Governor and Legislature by December 28, 2018.
- Appropriates a total of \$250,000 from the Liquor Revolving Fund to the Department of Commerce for purposes of studying and preparing the report.

Hearing Date: 1/23/18

Staff: Yvonne Walker (786-7841).

Background:

Department of Commerce.

The Department of Commerce (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 Department of Commerce is responsible for promoting community and economic development statewide by: (1) assisting communities to increase economic vitality and the quality of citizen's 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:

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- efforts to increase economic opportunity;
- 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 & 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 Department of Commerce must study and prepare a report that analyzes local government's revenue capacity in relation to their constitutional and statutory obligations. The report must include:

- an overview of the major interdependencies of local government and special districts as they relate to state-mandated responsibilities;
- a listing of local government revenues, including local tax revenue authority and revenue shared by the state and federal government;
- a listing of all statutory and constitutional requirements and obligations and their associated costs;
- an analysis of where funding gaps are most pronounced;
- how the situation has changed over the last thirty years;
- baseline data and a methodology that can be replicated in future local government comparison studies and analysis; and
- how statutory revenue authority and spending obligations of Washington's local governments compare to a select number of competitor states.

The Department of Commerce must submit its findings and recommendations to the Governor and the appropriate committees of the Legislature by December 28, 2018.

The term "local government" means cities, counties, and special purpose districts.

A total of \$250,000 is appropriated from the fund to the Department of Commerce for purposes of providing this report to the Legislature.

The act expires on June 30, 2019.

Appropriation: None.

Fiscal Note: Available.

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