

HOUSE BILL REPORT

HB 3175

As Reported by House Committee On: Appropriations

Title: An act relating to providing financial assistance to counties.

Brief Description: Providing financial assistance to counties.

Sponsors: Representatives Grant, Chandler, Mastin, Hatfield, Buck, Linville and Kessler.

Brief History:

Committee Activity:

Appropriations: 2/9/04, 2/10/04 [DPS].

Brief Summary of Substitute Bill

- Creates the non-appropriated County Assistance Account.
- Creates the County Financial Assistance Advisory Council (Council) within the Department of Community, Trade and Economic Development to make disbursement recommendations from the County Assistance Account for those counties with a tax base insufficient to provide basic county services.
- Requires the Department of Community, Trade and Economic Development to administer a grant program taking into consideration the Council's recommendations.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Minority Report: Do not pass. Signed by 9 members: Representatives Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements and McDonald.

Staff: Amy Skei (786-7140).

Background:

The Department of Community, Trade and Economic Development (CTED) currently administers a variety of local government assistance programs.

Summary of Substitute Bill:

The County Assistance Account is created. The account will receive its proportionate share of interest earnings. Expenditures from the non-appropriated account may be made only at the direction of the CTED director.

The County Financial Assistance Advisory Council (Council) is created in the CTED. The Council consists of four legislators, two representatives of the Washington State Association of Counties, and a chairperson appointed by the Governor.

The Council must determine which counties have a tax base insufficient to provide basic services, determine county allocations from the County Assistance Account, and make annual recommendations to the CTED on grants to the counties.

From moneys deposited in the County Assistance Account, the CTED shall administer a grant program to the counties, taking into consideration the recommendations of the Council. Counties are eligible for grant moneys only if they had a budget decrease of 6 percent or greater due to the repeal of the Motor Vehicle Excise Tax.

Substitute Bill Compared to Original Bill:

The substitute bill removes all changes to liquor sales tax distribution included in the substitute bill. The requirement that the bill's enactment is contingent on the enactment of HB 2062 (liquor control board retail business plan) is removed.

Appropriation: None.

Fiscal Note: Available on original bill.

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

Testimony For: (In support) We are looking for about \$5 million annually for ongoing financial assistance to those counties that don't have enough of a tax base, due to a combination of land use policy, tax policy, and low density. The counties which would be eligible for this assistance will never have the resources at the local level to meet the needs and expectations of their populations. The Legislature has provided \$5 million in county assistance for each of the last two fiscal years in the budget.

(With concerns) We are concerned about the change this bill makes to the Investing in Innovation Account. After talking to staff, we believe this issue is resolved. We appreciate the counties' challenges; however, when the MVET backfill funds went away, cities lost over

\$100 million. Over 150 cities lost more than 10 percent of their operating budgets. We would like to see the problem addressed but not in this fashion. Under this bill cities would lose \$750,000. Also, we are not sure how the Sunday sales bill can provide enough funding to cover the cost of this assistance.

Testimony Against: We are concerned about this bill relying on Sunday sales revenue. We would like to see this bill de-linked from the Sunday sales bill. We are opposed because convenience stores can't compete with the Liquor Control Board for wine sales given the three-tier system.

Persons Testifying: (In support) Scott Merriman, Association of Counties.

(With amendment) Scott Hazlegrove, Washington Technology Center; and Rick Garza, Liquor Control Board.

(With concerns) Jim Justin, Association of Washington Citites.

(Opposed) T.K. Bentler, Washington Association of Neighborhood Stores.

Persons Signed In To Testify But Not Testifying: None.