

SENATE BILL REPORT

SB 5920

As of February 28, 2003

Title: An act relating to the local public health trust fund.

Brief Description: Funding local public health services.

Sponsors: Senators West, Brown, Deccio, Franklin, Winsley, Sheahan, Doumit, Hewitt, Morton, Poulsen, Regala, Reardon, Parlette, Carlson, Brandland, Fairley, Hale, Schmidt, Shin and Thibaudeau.

Brief History:

Committee Activity: Ways & Means: 2/27/03.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: All real and personal property in this state is subject to the property tax each year based on its value unless a specific exemption is provided by law. The Constitution limits the amount of property taxes that may be imposed on an individual parcel of property without voter approval to 1 percent of its true and fair value, or \$10 per \$1,000 of assessed value. Taxes imposed under the 1 percent limit are termed "regular" levies. The state levy is limited to \$3.60 per \$1,000 of assessed value, equalized to market value, for the support of the common schools.

Each year, the regular property tax levies of taxing districts are limited to a percentage of the districts' highest levy of the three preceding years. The percentage is the limit factor. The limit factor is equal to the lesser of 101 percent or 100 percent plus the percentage change in the implicit price deflator. However, a different limit factor applies in two instances. For a taxing district with a population of less than 10,000, the limit factor is 101 percent. A taxing district, other than the state, may provide for the use of a limit factor of up to 101 percent for the year by a super-majority vote of its legislative body. Added to this is an amount equal to the amount of revenue that new construction, improvements to property, and changes in state-assessed property would have generated at the preceding year's tax rate.

Under Initiative 601, the annual growth in general fund expenditures is limited to the fiscal growth factor which is defined as the average rate of inflation and population increase of the prior three fiscal years.

Summary of Bill: A new state property tax is authorized at a maximum rate of \$0.25 per \$1,000 of assessed value beginning with taxes due in calendar year 2004. The maximum tax rate for the state levy for the support of the common schools is reduced to \$3.35.

The new levy is not subject to the existing revenue limit. Aggregate levies under the new state levy cannot increase each year by more than the fiscal growth factor, plus an amount

equal to the amount of revenue that new construction, improvements to property, and changes in state-assessed property would have generated at the preceding year's tax rate.

Revenues are deposited into the local public health trust fund which is created in the state treasury and for distribution to county health departments and health districts and to the health services account solely to maintain and improve local public health services. Moneys are distributed annually as follows:

- (a) 43 percent based on each department's or district's proportional share of total 1999 local support from counties and their component cities to their respective health department or district;
- (b) 17.9 percent for public health services in order to maintain support previously provided from the health services account based on their proportional share of funds appropriated in the 2003-2005 biennial operating budget;
- (c) 3.2 percent to departments or districts to bring per capita funding for county health departments or health districts up to 70 percent of the statewide average per capita funding under (a) and (b);
- (d) 21.1 percent on a per capita basis to each department or district based on their share of the total state population solely to improve public health services and emergency response and prevention capacity for acts of terrorism committed with biological agents, West Nile virus, and communicable diseases;
- (e) 1.4 percent to departments or districts to bring total funding under (a) through (d) to an amount equal to 85 percent of the taxes raised for distributions under (a) through (d); and
- (f) 13.4 percent to the health services account for activities and support of local public health.

Each board of health must establish performance measures that include elements from the state public health improvement plan and local public health priorities. Each board of health must report annually to its citizens on its performance against these measures. The Secretary of Health must select some measure which will be uniform statewide each year. The Secretary of Health must report to the Legislature, the Governor, and the people regarding local health department and district performance, comparing performance among jurisdictions and highlighting local priorities.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Thirty days after the election at which it is approved.

Testimony For: Public health promotion and prevention is an essential public service. Public health funding has been eroding and is in crisis. Budgets are down as much as 75 percent. Funding requirements are up from anthrax hoaxes, the West Nile virus, and bioterrorism. Public health is vulnerable because of inadequate resources. Public health needs a stable, sufficient, dedicated, and equitable funding source. This bill restores funding to 1999 levels.

Testimony Against: The state's \$3.60 levy is dedicated to the common schools. Another source of funding needs to be found.

Testified: PRO: Senator West, prime sponsor; Carolyn Edmunds, WA State Assn of Counties, King County Council; Stu Menefee, Grays Harbor Prosecutor; Wand Hinds, WA State Assn of Local Public Health Officials; Maureen Morris, WA State Assn. of Counties; Stan Finkelstein, AWC; Roger Valdez, WA State Public Health Assn; Concerns: Terry Bergeson, SPI.