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HOUSE BILL 1307

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State of Washington

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By Representatives Moeller, Hunt, Pedersen, Jacks, Darneille, Hudgins, Dunshee, Blake, Chase, Kenney, Haigh, Conway, and Dickerson

Read first time 01/16/09. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to public health financing; amending RCW 43.70.514,  
2 43.70.516, and 43.70.518; adding a new section to chapter 82.14 RCW;  
3 adding new sections to chapter 43.70 RCW; creating a new section; and  
4 repealing RCW 43.70.512 and 43.70.522.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that public health is  
7 a core function of state government. The local health jurisdictions in  
8 Washington state's decentralized public health system depend on a  
9 combination of federal, state, and local funding. This funding system  
10 can make public health funding unstable on the local level and can  
11 adversely affect the public health services available to the citizens  
12 of the state. It is therefore the intent of the legislature to help  
13 provide local health jurisdictions with a more stable dedicated funding  
14 system by authorizing local option revenue sources and creating a  
15 single account through which all state funding for public health will  
16 be distributed. The legislature further intends that local health  
17 jurisdictions receiving state funds be held accountable for the use of  
18 those funds based on the minimum standards of public health protection  
19 in the state's public health improvement plan.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.14 RCW  
2 to read as follows:

3        (1) Subject to the requirements of this section, a county may  
4 impose a tax on the acquisition, receipt, or possession of bottled  
5 water in the county.

6        (2) The rate of tax may not exceed five cents per twelve ounces of  
7 bottled water.

8        (3) For sales to a final consumer, a retailer or wholesaler may not  
9 separately state the tax under this section from the selling price in  
10 any sales receipt or sales invoice or other instrument of sale.

11        (4)(a) Except as otherwise provided in this subsection, a  
12 wholesaler who sells bottled water to a retailer shall collect the tax  
13 from the retailer and remit the tax to the county.

14        (b) If a retailer has received or otherwise obtained bottled water  
15 upon which the tax imposed by a county under this section has not been  
16 collected by a wholesaler, then the retailer is liable for the tax and  
17 the retailer shall remit the tax directly to the county.

18        (c) If a wholesaler sells bottled water to a final consumer, then  
19 the wholesaler is liable for the tax and the wholesaler shall remit the  
20 tax directly to the county.

21        (5) The provisions a county adopts to administer the tax must be  
22 consistent with all requirements under this section.

23        (6) Taxes collected under this section must be used for core public  
24 health functions of statewide significance within the county.

25        (7) The definitions in this subsection apply to this section.

26        (a) "Bottled water" means water safe for human consumption that is  
27 sealed in bottles. "Bottled water" does not include any beverage  
28 defined as a soft drink in RCW 82.08.0293.

29        (b) "Core public health functions of statewide significance" has  
30 the same meaning as in RCW 43.70.514.

31        (c) "Final consumer" means a person who purchases for use or  
32 consumption, and not resale.

33        (d) "Person" has the same meaning as provided in RCW 82.04.030.

34        (e) "Retailer" means a person who engages in the business of  
35 selling bottled water in a retail sale.

36        (f) "Retail sale" means a sale of bottled water to a final  
37 consumer.

1 (g) "Sale" means any transfer of the ownership of, title to, or  
2 possession of property for valuable consideration.

3 (h) "Wholesaler" means any person who engages in the business of  
4 selling or supplying water to any person for resale.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.70 RCW  
6 to read as follows:

7 (1) The public health improvement account is created in the state  
8 treasury. Moneys in the account may be spent only after appropriation.

9 (2) Except as provided in subsection (3) of this section, during  
10 the month of January 2010, and every January thereafter, the state  
11 treasurer shall distribute the account's annual receipts to each local  
12 health jurisdiction in the state to be used for core public health  
13 functions of statewide significance. The state treasurer shall  
14 distribute the moneys required under this subsection as follows:

15 (a) Each local health jurisdiction shall receive a base level of  
16 funding of one hundred thousand dollars.

17 (b) The remainder of the funds to be distributed under this  
18 subsection (2) shall be distributed among the jurisdictions on a per  
19 capita basis.

20 (3) The state treasurer may not distribute funds to a local health  
21 jurisdiction under subsection (2)(a) of this section if he or she  
22 receives notice from the secretary of health, under RCW 43.70.516, that  
23 the jurisdiction is not in substantial compliance with the minimum  
24 standards for public health protection established under RCW 43.70.520.  
25 The state treasurer shall retain funds withheld under this subsection  
26 until he or she receives notification from the secretary, under RCW  
27 43.70.516, that the jurisdiction has achieved substantial compliance.

28 (4) A local health jurisdiction may use funds provided under this  
29 section to supplant other funding sources for public health programs.

30 (5) For purposes of this section:

31 (a) "Per capita basis" means the amount multiplied by the  
32 proportion of the population of the jurisdiction in the previous  
33 calendar year to the population of the state in the previous calendar  
34 year.

35 (b) "Population" means the number of persons as last determined by  
36 the office of financial management. If the jurisdiction is comprised  
37 of a single county, "population" means the number of persons in that

1 county. If the jurisdiction is comprised of two or more counties,  
2 "population" means the number of persons in all counties of which the  
3 jurisdiction is comprised.

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.70 RCW  
5 to read as follows:

6 (1) The secretary shall establish a review process for determining  
7 whether a local health jurisdiction is in substantial compliance with  
8 the minimum standards for public health protection established under  
9 RCW 43.70.520.

10 (2) Except as provided in subsection (5) of this section, the  
11 secretary shall use the process established in subsection (1) of this  
12 section to review each local health jurisdiction in the state at least  
13 once every three years.

14 (3)(a) If the secretary finds that a local health jurisdiction is  
15 not in substantial compliance with the minimum standards for public  
16 health protection, he or she shall notify the local health jurisdiction  
17 in writing.

18 (b) A local health jurisdiction receiving written notice under this  
19 subsection shall submit a plan of correction within sixty days. The  
20 plan of correction must explain the measures that the jurisdiction will  
21 undertake to achieve substantial compliance with the standards within  
22 one hundred eighty days.

23 (c) If the secretary determines that the plan of correction is  
24 likely to bring the jurisdiction into substantial compliance within one  
25 hundred eighty days, he or she shall provide technical assistance to  
26 the jurisdiction to help it to successfully complete the plan of  
27 correction. If the secretary determines that the plan of correction is  
28 not likely to bring the jurisdiction into substantial compliance within  
29 one hundred eighty days, he or she shall reject the plan of correction  
30 and allow the jurisdiction to revise and resubmit the plan within  
31 fifteen days. If the secretary finds that the revised plan of  
32 correction is not likely to bring the jurisdiction into substantial  
33 compliance within one hundred eighty days, or if the jurisdiction does  
34 not resubmit a revised plan within fifteen days, he or she shall send  
35 notice to the state treasurer that the jurisdiction is out of  
36 substantial compliance under subsection (4) of this section.

1 (d) The secretary shall review a local health jurisdiction with an  
2 approved plan of correction one hundred eighty days after the approved  
3 plan's submission. If the secretary finds that the jurisdiction  
4 remains out of substantial compliance after the review required by this  
5 subsection (3)(d), he or she shall send notice to the state treasurer  
6 that the jurisdiction is out of substantial compliance under subsection  
7 (4) of this section.

8 (4)(a) The secretary shall notify the state treasurer when the  
9 secretary finds, under subsections (3)(c) or (d) of this section, that  
10 a local health jurisdiction is out of substantial compliance  
11 established under RCW 43.70.520. Upon notification under this  
12 subsection, the state treasurer shall suspend any distributions made to  
13 the jurisdiction under section 3 of this act until the secretary sends  
14 notice that the jurisdiction is back in substantial compliance.

15 (b) The secretary shall review, using the process established under  
16 subsection (1) of this section, a jurisdiction subject to suspension  
17 under (a) of this subsection no sooner than one hundred eighty days  
18 after notice of suspension was sent to the state treasurer. If the  
19 secretary finds that the jurisdiction remains out of substantial  
20 compliance, the secretary shall continue the suspension and review the  
21 jurisdiction at intervals of at least one hundred eighty days until the  
22 secretary finds that the jurisdiction is in substantial compliance.  
23 Once the secretary finds that the jurisdiction is in substantial  
24 compliance after a review under this subsection, he or she shall notify  
25 the state treasurer, who shall immediately resume the distributions  
26 required under section 3 of this act and distribute any moneys the  
27 jurisdiction should have received during the period of suspension.

28 (5) The secretary may exempt a local health jurisdiction from the  
29 review process required by this section if the jurisdiction is  
30 accredited by an organization whose accreditation standards meet or  
31 exceed the minimum standards for public health protection established  
32 under RCW 43.70.520.

33 **Sec. 5.** RCW 43.70.514 and 2007 c 259 s 61 are each amended to read  
34 as follows:

35 The definitions in this section apply throughout (~~sections 60~~  
36 ~~through 65 of this act~~) this section and RCW 43.70.516 and 43.70.518  
37 unless the context clearly requires otherwise.

1 (1) "Core public health functions of statewide significance" or  
2 "public health functions" means health services that:

3 (a) Address: Communicable disease prevention and response;  
4 preparation for, and response to, public health emergencies caused by  
5 pandemic disease, earthquake, flood, or terrorism; prevention and  
6 management of chronic diseases and disabilities; promotion of healthy  
7 families and the development of children; assessment of local health  
8 conditions, risks, and trends, and evaluation of the effectiveness of  
9 intervention efforts; and environmental health concerns;

10 (b) Promote uniformity in the public health activities conducted by  
11 all local health jurisdictions in the public health system, increase  
12 the overall strength of the public health system, or apply to broad  
13 public health efforts; and

14 (c) If left neglected or inadequately addressed, are reasonably  
15 likely to have a significant adverse impact on counties beyond the  
16 borders of the local health jurisdiction.

17 (2) "Local health jurisdiction" or "jurisdiction" means a county  
18 board of health organized under chapter 70.05 RCW, a health district  
19 organized under chapter 70.46 RCW, or a combined city and county health  
20 department organized under chapter 70.08 RCW.

21 **Sec. 6.** RCW 43.70.516 and 2007 c 259 s 62 are each amended to read  
22 as follows:

23 ~~(1) ((The department shall accomplish the tasks included in~~  
24 ~~subsection (2) of this section by utilizing the expertise of varied~~  
25 ~~interests, as provided in this subsection.~~

26 ~~(a) In addition to the perspectives of local health jurisdictions,~~  
27 ~~the state board of health, the Washington health foundation, and~~  
28 ~~department staff that are currently engaged in development of the~~  
29 ~~public health services improvement plan under RCW 43.70.520, the~~  
30 ~~secretary shall actively engage:~~

31 ~~(i) Individuals or entities with expertise in the development of~~  
32 ~~performance measures, accountability and systems management, such as~~  
33 ~~the University of Washington school of public health and community~~  
34 ~~medicine, and experts in the development of evidence-based medical~~  
35 ~~guidelines or public health practice guidelines; and~~

36 ~~(ii) Individuals or entities who will be impacted by performance~~

1 ~~measures developed under this section and have relevant expertise, such~~  
2 ~~as community clinics, public health nurses, large employers, tribal~~  
3 ~~health providers, family planning providers, and physicians.~~

4 ~~(b) In developing the performance measures, consideration shall be~~  
5 ~~given to levels of performance necessary to promote uniformity in core~~  
6 ~~public health functions of statewide significance among all local~~  
7 ~~health jurisdictions, best scientific evidence, national standards of~~  
8 ~~performance, and innovations in public health practice. The~~  
9 ~~performance measures shall be developed to meet the goals and outcomes~~  
10 ~~in RCW 43.70.512. The office of the state auditor shall provide advice~~  
11 ~~and consultation to the committee to assist in the development of~~  
12 ~~effective performance measures and health status indicators.~~

13 ~~(c) On or before November 1, 2007, the experts assembled under this~~  
14 ~~section shall provide recommendations to the secretary related to the~~  
15 ~~activities and services that qualify as core public health functions of~~  
16 ~~statewide significance and performance measures. The secretary shall~~  
17 ~~provide written justification for any departure from the~~  
18 ~~recommendations.~~

19 ~~(2))~~ By January 1, 2008, the department shall ~~((+)~~

20 ~~(a))~~ adopt a prioritized list of activities and services performed  
21 by local health jurisdictions that qualify as core public health  
22 functions of statewide significance as defined in RCW 43.70.514 ~~((+)~~ and

23 ~~(b) Adopt appropriate performance measures with the intent of~~  
24 ~~improving health status indicators applicable to the core public health~~  
25 ~~functions of statewide significance that local health jurisdictions~~  
26 ~~must provide)).~~

27 ~~((+3))~~ (2) The secretary may revise the list of activities ~~((and~~  
28 ~~the performance measures))~~ in future years as appropriate. Prior to  
29 modifying ~~((either))~~ the list ~~((or the performance measures))~~, the  
30 secretary must provide a written explanation of the rationale for such  
31 changes.

32 ~~((4) The department and the local health jurisdictions shall abide~~  
33 ~~by the prioritized list of activities and services and the performance~~  
34 ~~measures developed pursuant to this section.~~

35 ~~(5) The department, in consultation with representatives of county~~  
36 ~~governments, shall provide local jurisdictions with financial~~  
37 ~~incentives to encourage and increase local investments in core public~~

1 ~~health functions. The local jurisdictions shall not supplant existing~~  
2 ~~local funding with such state incented resources.))~~

3 **Sec. 7.** RCW 43.70.518 and 2007 c 259 s 63 are each amended to read  
4 as follows:

5 Beginning November 15, ~~((2009))~~ 2010, the department shall report  
6 to the legislature and the governor annually on the distribution of  
7 funds to local health jurisdictions under ~~((sections 60 through 65 of))~~  
8 this act and the use of those funds. The ~~((initial))~~ reports must  
9 discuss the ~~((performance measures adopted by the secretary and any~~  
10 ~~impact the funding in chapter 259, Laws of 2007 has had on local health~~  
11 ~~jurisdiction performance and health status indicators. Future reports~~  
12 ~~shall evaluate))~~ minimum standards for public health protection  
13 established under RCW 43.70.520 and any impact the funding provided in  
14 this act has had on local health jurisdictions' ability to meet those  
15 standards as well as trends in performance over time and the effects of  
16 expenditures on performance over time.

17 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each  
18 repealed:

19 (1) RCW 43.70.512 (Public health--Required measurable outcomes) and  
20 2007 c 259 s 60; and

21 (2) RCW 43.70.522 (Public health performance measures--Assessing  
22 the use of funds--Secretary's duties) and 2007 c 259 s 65.

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