

SENATE BILL REPORT

SHB 1791

As of March 18, 2019

Title: An act relating to enhancing educational opportunities for vulnerable children and youth using funding distributed from the Puget Sound taxpayer accountability account.

Brief Description: Enhancing educational opportunities for vulnerable children and youth using funding distributed from the Puget Sound taxpayer accountability account.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Reeves, Sullivan, Springer, Senn, Frame, Fey, Appleton, Ortiz-Self, Bergquist and Goodman).

Brief History: Passed House: 3/06/19, 64-33.

Committee Activity: Ways & Means: 3/18/19.

Brief Summary of Bill

- Modifies the use of the Puget Sound Taxpayer Accountability (PSTA) account to include facilities and programs for children and youth that are low-income, homeless, or in foster care, or other vulnerable populations and to start endowments to support improving educational outcomes in early learning, K-12, and higher education.
- Authorizes the Legislature to appropriate the PSTA account for expenditure in a county rather than a direct distribution if the county has not enacted the local mental health tax by July 1, 2019.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7474)

Background: Regional Transit Authority. A Regional Transit Authority (RTA) is authorized to use its tax revenues to plan, construct, and operate high-capacity transportation, such as express bus service and light rail. There is currently one RTA, Sound Transit, which builds and operates regional transit service throughout the urban areas of Pierce, King, and Snohomish counties. Sound Transit lists 16 link light rail stations in the Seattle area and six stations in Tacoma.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Puget Sound Taxpayer Accountability Account. The PSTA account was created in the state treasury in 2015. Expenditures from the account are subject to appropriation and may only be used for distribution to counties where a portion of the county is within the boundaries of a RTA that includes a county with a population of at least 1,500,000, which currently would apply to King, Pierce, and Snohomish counties. Counties may use distributions from the account only for education services to improve educational outcomes in early learning, K-12, and higher education, including, but not limited to, for youth that are low-income, homeless, or in foster care, or other vulnerable populations.

Sales and Use Tax Offset Fee. Beginning January 1, 2017, an RTA must pay the Department of Revenue a sales and use tax offset fee for deposit into the PSTA account. The sales and use tax offset fee is equal to 3.25 percent of the total payments made by the RTA to construction contractors on construction projects that are voter approved after January 1, 2015, and are excluded from retail sales tax.

Sales and Use Tax for Mental Health Treatment. The Legislature has authorized counties to levy a local sales and use tax of 0.1 percent for mental health treatment, chemical dependency treatment, and therapeutic courts. Cities within a county of more than 800,000 were also authorized to impose the tax if the county was not imposing the tax by January 1, 2011. As of 2016, this sales and use tax has been imposed in 23 counties and one city and collections totaled \$123.7 million.

Summary of Bill: The use of funds disbursed to counties from the PSTA account are modified to include:

- facilities and programs for children and youth that are low-income, homeless, or in foster care, or other vulnerable populations; and
- to start endowments to support improving educational outcomes in early learning, K-12, and higher education.

If a county in the RTA has not levied the sales and use tax for mental health treatment, chemical dependency treatment, and therapeutic courts by July 1, 2019, the Legislature may appropriate that county's portion to the Department of Commerce to contract with a nonprofit community service organization in that county for services to improve education outcomes or to spend on capital facilities grants to benefit children and youth who are low-income, homeless, in foster care, or belonging to other vulnerable populations, or both.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill provides a unique, one-time opportunity to invest in underserved youth in the counties within the RTA. These counties can leverage funding to invest in youth who will be served in these programs.

CON: The bill as written would disburse Pierce County's portion of the funds through the Department of Commerce. This is bad precedence and punitive. If Pierce County were to adopt the mental health sales and use tax even one day after the July 1, 2019, deadline specified in the bill, then the county would not have access to these funds.

Persons Testifying: PRO: Jennifer Ziegler, The Ballmer Group.

CON: Michael Shaw, Pierce County.

Persons Signed In To Testify But Not Testifying: No one.