
Ways & Means Committee

HB 3182

Brief Description: Making unfunded mandates optional on local governments.

Sponsors: Representatives Alexander, DeBolt, Armstrong, Kristiansen, Pearson, Bailey, Rodne, Johnson, Short, Dammeier, Taylor, Crouse, Nealey, Walsh, Roach, Warnick, Klippert, Parker, Ross, Haler, Fagan, Orcutt, Schmick, Angel, Smith, Shea, Ericksen and Kretz.

Brief Summary of Bill

- Permits political subdivisions to choose whether or not to comply with a requirement imposed by the state, if state funding that the subdivision may or must use for purpose of the requirement is insufficient to pay the costs of its implementation.

Hearing Date: 2/22/10

Staff: Kristen Fraser (786-7148).

Background:

Political subdivisions of the state include counties, cities, towns, school districts, port districts, and special purpose districts. State laws impose a variety of obligations on these political subdivisions. Some of these requirements may impose specific obligations based on the individual type or purpose of the district. For example, state education laws contain many directives to school districts, and state growth management laws require cities and counties to undertake certain duties. Other requirements are imposed on political subdivisions as the result of generally applicable laws, such as workers' compensation.

Political subdivisions receive revenue from a variety of sources. Many political subdivisions are authorized to levy regular property taxes, and some may collect excess property tax levies. Political subdivisions may also be authorized to collect excise taxes, regulatory and user fees, and other types of revenue.

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.

In addition, political subdivisions may receive revenue distributions from the state. The state shares some revenue streams with local governments--for example, cities and counties receive a share of profits and taxes on state liquor sales, and a share of the state motor vehicle fuel tax. In other cases, the state may distribute state general fund revenues to local governments under a statutory formula, as in certain criminal justice assistance distributions. In addition, the state may make direct appropriations to political divisions, such as funding appropriated for allocation to school districts or county public health districts in the 2009-11 biennial budget. In some instances, the state funding is for specific purposes; in other cases, the funding is for general use of the political subdivision.

Initiative 62 (1979), as modified by Initiative 601 (1993) and Referendum 49 (1998), requires the state in some circumstances to reimburse political subdivisions for costs imposed by the state. Specifically, if the state imposes on a political subdivision the cost of a new program or increased level of service under an existing program, the state may be obligated to reimburse the political subdivision. Under court rulings that interpret the requirement, reimbursement is necessary where the state imposes obligations that result in a measurable, quantifiable increase in the level of services to the public (*Tacoma v. State*, 1991).

Reimbursement may be made by specific appropriation, or by increases in revenue distributions that occur after January 1, 1998. The Legislature, in consultation with the Office of Financial Management, determines the costs of the new programs or increased levels of services under existing programs.

Summary of Bill:

Political subdivisions may choose to comply with a requirement imposed by the state if state funds provided to the political subdivision that must or may be spent by the political subdivision to satisfy the requirement are insufficient to meet the costs of the requirement. In such a case, the requirement loses its mandatory nature and becomes a recommendation or option for the political subdivision, and a penalty may not be imposed for failure to comply with the requirement.

"Political subdivision" means any local government, or taxing district created under state law.

Appropriation: None.

Fiscal Note: Requested on February 18, 2010.

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