H-3587.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOUSE BILL 2857**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 66th Legislature 2020 Regular Session**

**By** Representative Orcutt

AN ACT Relating to strengthening the state balanced budget requirement and outlook process; amending RCW 43.88.055 and 82.33.060; and reenacting and amending RCW 82.33.020.

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

**Sec.**  RCW 43.88.055 and 2012 1st sp.s. c 8 s 1 are each amended to read as follows:

(1) The legislature must adopt a four-year balanced budget as follows:

(a) Beginning in the 2013-2015 fiscal biennium, the legislature shall enact a balanced omnibus operating appropriations bill that leaves, in total, a positive ending fund balance:

(i) Collectively in the general fund and related funds; and

(ii) Separately and respectively in the other funds subject to the four-year balanced budget requirement.

(b) Beginning in the 2013-2015 fiscal biennium, the projected maintenance level of the omnibus appropriations bill enacted by the legislature shall not exceed the available fiscal resources for the next ensuing fiscal biennium.

(c) Beginning in the 2021-2023 fiscal biennium, for other funds subject to the four-year balanced budget requirement, the projected maintenance level of the omnibus operating appropriations bill enacted by the legislature shall not exceed the respective available fiscal resources for those funds.

(2) For purposes of this section:

(a) "Available fiscal resources" means the beginning ((~~general fund and related~~)) fund balances and any fiscal resources estimated for the ((~~general fund and related~~)) respective fund or group of funds, adjusted for enacted legislation, and with forecasted revenues adjusted to the greater of (i) the official ((~~general fund and related funds~~)) revenue forecast for the ensuing biennium, or (ii) for the general fund and related funds only, the official general fund and related funds forecast for the second fiscal year of the current fiscal biennium, increased by 4.5 percent for each fiscal year of the ensuing biennium((~~;~~)).

(b) "Projected maintenance level" means estimated appropriations necessary to maintain the continuing costs of program and service levels either funded in that appropriations bill or mandated by other state or federal law for the respective fund or group of funds, and for the general fund also includes the amount of any general fund moneys projected to be transferred to the budget stabilization account pursuant to Article VII, section 12 of the state Constitution((~~, but does not include in the 2013-2015 and 2015-2017 fiscal biennia the costs related to the enhanced funding under the new definition of basic education as established in chapter 548, Laws of 2009, and affirmed by the decision in~~ *~~Mathew McCleary et al., v. The State of Washington~~*~~, 173 Wn.2d 477, 269 P.3d 227, (2012), from which the short-term exclusion of these obligations is solely for the purposes of calculating this estimate and does not in any way indicate an intent to avoid full funding of these obligations;~~)).

(c) "Related funds," as used in this section, means the Washington opportunity pathways account and the education legacy trust account through June 30, 2021, and thereafter means the Washington opportunity pathways account, the education legacy trust account, the pension stabilization account, the dedicated marijuana account, and the basic health account.

(d) "Other funds subject to the four-year balanced budget requirement" means the workforce education investment account and the model toxics control operating account, separately and respectively.

(3) Subsection (1)(a) and (b) of this section does not apply to an appropriations bill that makes net reductions in general fund and related funds appropriations and is enacted between July 1st and February 15th of any fiscal year.

(4) Subsection (1)(b) of this section does not apply in a fiscal biennium in which money is appropriated from the budget stabilization account under Article VII, section 12(d) (i) or (ii) of the state Constitution.

**Sec.**  RCW 82.33.060 and 2012 1st sp.s. c 8 s 4 are each amended to read as follows:

(1) To facilitate compliance with, and subject to the terms of, RCW 43.88.055, the state budget outlook work group shall prepare, subject to the approval of the economic and revenue forecast council under RCW 82.33.010, an official state budget outlook ((~~for state revenues and expenditures for the general fund and related funds~~)). In odd‑numbered years, the period covered by the November state budget outlook shall be the current fiscal biennium and the next ensuing fiscal biennium. In even‑numbered years, the period covered by the November state budget outlook shall be the next two ensuing fiscal biennia. The revenue and caseload projections used in the outlook must reflect the most recent official forecasts adopted by the economic and revenue forecast council and the caseload forecast council for the years for which those forecasts are available. The outlook must contain the following: (a) An outlook for state revenues and expenditures in the general fund and related funds as defined in RCW 43.88.055; (b) separate outlooks for other funds subject to the four-year balanced budget requirement as defined in RCW 43.88.055; and (c) an illustrative summary outlook that totals projected expenditures and available fiscal resources for all of these funds.

(2) The outlook must:

(a) Estimate revenues to and expenditures from the ((~~state general fund and related~~)) respective funds or groups of funds as designated in RCW 43.88.055 and subsection (1) of this section. The estimate of ensuing biennium expenditures must include maintenance items including, but not limited to, continuation of current programs, forecasted growth of current entitlement programs, and actions required by law, including legislation with a future implementation date. Estimates of ensuing biennium expenditures must exclude policy items including, but not limited to, legislation not yet enacted by the legislature, collective bargaining agreements not yet approved by the legislature, and changes to levels of funding for employee salaries and benefits unless those changes are required by statute. Estimated maintenance level expenditures must also exclude costs of court rulings issued during or within fewer than ninety days before the beginning of the current legislative session;

(b) Address major budget and revenue drivers, including trends and variability in these drivers;

(c) Clearly state the assumptions used in the estimates of baseline and projected expenditures and any adjustments made to those estimates;

(d) Clearly state the assumptions used in the baseline revenue estimates and any adjustments to those estimates; and

(e) Include the impact of previously enacted legislation with a future implementation date.

(3) The outlook must also separately include projections based on the revenues and expenditures proposed in the governor's budget documents submitted to the legislature under RCW 43.88.030.

(4) The economic and revenue forecast council shall submit state budget outlooks prepared under this section to the governor and the members of the committees on ways and means of the senate and house of representatives, including one copy to the staff of each of the committees, as required by this section.

(5) Each January, the state budget outlook work group shall also prepare, subject to the approval of the economic and revenue forecast council, a state budget outlook for state revenues and expenditures that reflects the governor's proposed budget document submitted to the legislature under chapter 43.88 RCW. Within thirty days following enactment of an operating budget by the legislature, the work group shall prepare, subject to the approval of the economic and revenue forecast council, a state budget outlook for state revenues and expenditures that reflects the enacted budget.

(6) All agencies of state government shall provide to the supervisor immediate access to all information relating to state budget outlooks.

(7) The state budget outlook work group must publish its proposed methodology on the economic and revenue forecast council web site. The state budget outlook work group, in consultation with the economic and revenue forecast work group and outside experts if necessary, must analyze the extent to which the proposed methodology for projecting expenditures for the ensuing fiscal biennia may be reliably used to determine the future impact of appropriations and make recommendations to change the outlook process to increase reliability and accuracy. The recommendations are due by December 1, 2013, and every five years thereafter.

**Sec.**  RCW 82.33.020 and 2015 c 3 s 14, 2012 1st sp.s. c 8 s 3, and 2012 c 182 s 1 are each reenacted and amended to read as follows:

(1) Four times each year the supervisor must prepare, subject to the approval of the economic and revenue forecast council under RCW 82.33.010:

(a) An official state economic and revenue forecast for all funds subject to the outlook process in RCW 82.33.060;

(b) An unofficial state economic and revenue forecast based on optimistic economic and revenue projections; and

(c) An unofficial state economic and revenue forecast based on pessimistic economic and revenue projections.

(2) The supervisor must submit forecasts prepared under this section, along with any unofficial forecasts provided under RCW 82.33.010, to the governor and the members of the committees on ways and means and the chairs of the committees on transportation of the senate and house of representatives, including one copy to the staff of each of the committees, on or before November 20th, February 20th in the even-numbered years, March 20th in the odd-numbered years, June 27th, and September 27th. In fiscal year 2015, the March 20th forecast shall be submitted on or before February 20, 2015. All forecasts must include both estimated receipts and estimated revenues in conformance with generally accepted accounting principles as provided by RCW 43.88.037. In odd-numbered years, the period covered by forecasts for the state general fund and ((~~related~~)) funds subject to the outlook process in RCW 82.33.060 must cover the current fiscal biennium and the next ensuing fiscal biennium. In even-numbered years, the period covered by the forecasts for the state general fund and ((~~related~~)) funds subject to the outlook process in RCW 82.33.060 shall be current fiscal and the next two ensuing fiscal biennia.

(3) All agencies of state government must provide to the supervisor immediate access to all information relating to economic and revenue forecasts. Revenue collection information must be available to the supervisor the first business day following the conclusion of each collection period.

(4) The economic and revenue forecast supervisor and staff must colocate and share information, data, and files with the tax research section of the department of revenue but may not duplicate the duties and functions of one another.

(5) As part of its forecasts under subsection (1) of this section, the supervisor must provide estimated revenue from tuition fees as defined in RCW 28B.15.020.

(6) The economic and revenue forecast council must, in consultation with the economic and revenue forecast work group created in RCW 82.33.040, review the existing economic and revenue forecast council revenue model, data, and methodologies and in light of recent economic changes, engage outside experts if necessary, and recommend changes to the economic and revenue forecast council revenue forecasting process to increase confidence and promote accuracy in the revenue forecast. The review must consider revenue growth history by the funds subject to the outlook process in RCW 82.33.060, adjusting for changes due to legislation, and it must make recommendations on the accuracy of revenue growth rate assumptions in RCW 43.88.055(2)(a). The recommendations are due by September 30, 2012, and every five years thereafter.

**--- END ---**