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**HOUSE JOINT RESOLUTION 4205**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Young, Shea, and Walsh

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state must submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII of the Constitution of the state of Washington by adding a new section to Article VII, an amendment to Article VII of the Constitution of the state of Washington by repealing section 8 thereof in its entirety, and an amendment to Article VIII, section 1 of the Constitution of the state of Washington to read as follows:

Article VII, section .... (1)(a) Before the beginning of the regular legislative session in each odd-numbered year, the governor shall prepare and submit to the senate and house of representatives an omnibus operating appropriations proposal for the ensuing fiscal biennium. This proposal may not propose expenditures from the state general fund for a fiscal period that exceed ninety-five percent of the estimated resources for the state general fund for that fiscal period as of the date the governor submits the proposal to the legislature, and may not propose expenditures from any other account that exceed the estimated amount of resources for that account for that fiscal period as of the date the governor submits the proposal to the legislature.

(b) Nothing in this section prohibits the governor from submitting to the legislature alternative omnibus operating appropriations proposals that rely on changes to existing revenue laws.

(2)(a) The legislature may not appropriate from the state general fund for any fiscal period an amount that exceeds ninety-five percent of the estimated amount of resources for the state general fund for that fiscal period as of the date the appropriations legislation is enacted. The requirements of this subsection (2)(a) do not apply if the appropriations are enacted pursuant to a declaration of emergency as established in Article VII, section 12(d)(i) of this Constitution. In that case, the appropriations are subject to (b) of this subsection.

(b) For any other account, the legislature may not appropriate from the account for any fiscal period an amount that exceeds the estimated amount of resources to that account for that fiscal period as of the date the appropriations legislation is enacted.

(3)(a) If appropriations from any account for any fiscal period exceed the most recent estimate of resources for that account for that fiscal period, then within thirty days of the revenue estimate projecting the deficiency the governor shall uniformly reduce each allotment from each appropriation from that account in order to avoid a deficiency.

(b) The state may not carry forward a deficiency in any account from one fiscal period to another.

(4)(a) For purposes of this section, "estimated resources" for an account means the total of the officially estimated revenues to the account for that fiscal period, account balance at the beginning of the fiscal period, and any transfers, other deposits, or other revenues into that account for that fiscal period.

(b) Official revenue estimates shall be made by the state economic and revenue forecast council or successor agency and by the office of financial management for those accounts not estimated by the council, as provided in law.

(c) The legislature shall enact laws to carry out the purposes of this section.

Article VIII, section 1. (a) The state may contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.

(b) The aggregate debt contracted by the state, as calculated by the treasurer at the time debt is contracted, shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than the applicable percentage limit of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years as certified by the treasurer. The term "applicable percentage limit" means eight and one-half percent from July 1, 2014, through June 30, 2016; eight and one-quarter percent from July 1, 2016, through June 30, 2034; eight percent from July 1, 2034, and thereafter. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.

(c) The term "general state revenues," when used in this section, shall include all state money received in the treasury from each and every source, including moneys received from ad valorem taxes levied by the state and deposited in the general fund in each fiscal year, but not including: (1) Fees and other revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds and the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Moneys received from taxes levied for specific purposes and required to be deposited for those purposes into specified funds or accounts other than the general fund; and (6) Proceeds received from the sale of bonds or other evidences of indebtedness.

(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (g) of this section, principal of bond anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority. In addition, for the purpose of computing the amount required for payment of interest on outstanding debt under subsection (b) of this section and this subsection, "interest" shall be reduced by subtracting the amount scheduled to be received by the state as payments from the federal government in each year in respect of bonds, notes, or other evidences of indebtedness subject to this section.

(e) The state may pledge the full faith, credit, and taxing power of the state to guarantee the voter approved general obligation debt of school districts in the manner authorized by the legislature. Any such guarantee does not remove the debt obligation of the school district and is not state debt.

(f) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (h) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.

(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest on the permanent common school fund: *Provided,* That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

(h) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.

(i) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.

(j) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.

(k) ((~~Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.~~)) Proceeds of debt issued pursuant to this section may be spent only for capital purposes. "Capital purposes" means real property or real property improvements with a projected useful life of greater than thirteen years.

(l) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.

BE IT FURTHER RESOLVED, That this amendment is a single amendment within the meaning of Article XXIII, section 1 of the state Constitution.

The legislature finds that the changes contained in this amendment constitute a single integrated plan for restricting state fiscal obligations. If this amendment is held to be separate amendments, this joint resolution is void in its entirety and is of no further force and effect.

BE IT FURTHER RESOLVED, That the secretary of state must cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.