H-2130.1

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**HOUSE BILL 1999**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Walsh, Caldier, Sutherland, Jacobsen, Chambers, Dufault, and Young

AN ACT Relating to reestablishing a state expenditure limit; amending RCW 43.135.025; and adding a new section to chapter 43.135 RCW.

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

**Sec.**  RCW 43.135.025 and 2020 c 218 s 3 are each amended to read as follows:

(1) ((~~Each November, the economic and revenue forecast council shall calculate the fiscal growth factor for each fiscal year of the current biennium and the ensuing biennium.~~

~~(2)~~)) During any fiscal year, the state shall not expend from the general fund and related funds in excess of the state expenditure limit established under this chapter.

(2) The state treasurer shall not issue or redeem any check, warrant, or voucher that will result in a state general fund or related fund expenditure for any fiscal year in excess of the state expenditure limit established under this chapter. A violation of this subsection constitutes a violation of RCW 43.88.290 and shall subject the state treasurer to the penalties provided in RCW 43.88.300.

(3) The state expenditure limit for any fiscal year is the previous fiscal year's state expenditure limit increased by a percentage rate that equals the fiscal growth factor.

(4) For purposes of computing the state expenditure limit for the fiscal year beginning July 1, 2023, the phrase "the previous fiscal year's state expenditure limit" means the total state expenditures from the state general fund and related funds, not including federal funds, for the fiscal year beginning July 1, 2021, plus the fiscal growth factor.

(5) A state expenditure limit committee is established for the purpose of determining and adjusting the state expenditure limit as provided in this chapter. The members of the state expenditure limit committee are the director of financial management, the state treasurer or treasurer's designee, and the chairs and ranking minority members of the senate committee on ways and means and the house of representatives committee on appropriations, or their successor committees. All actions of the state expenditure limit committee taken pursuant to this chapter require an affirmative vote of at least four members.

(6) Each November, the state expenditure limit committee shall adjust the expenditure limit for the preceding fiscal year based on actual expenditures and known changes in the fiscal growth factor and then project an expenditure limit for the next two fiscal years. If, by November 30th, the state expenditure limit committee has not adopted the expenditure limit adjustment and projected expenditure limit as provided in subsection (5) of this section, the state treasurer shall adjust or project the expenditure limit, as necessary.

(7) The definitions in this subsection apply throughout this chapter unless the context clearly requires otherwise.

(a) "Fiscal growth factor" means ((~~the average growth in state personal income for the prior ten fiscal years~~)) the average of the sum of inflation and population change for each of the prior three fiscal years.

(b) ((~~"General fund" means the state general fund.~~)) "Inflation" means the percentage change in the implicit price deflator for the United States for each fiscal year as published by the federal bureau of labor statistics.

(c) "Population change" means the percentage change in state population for each fiscal year as reported by the office of financial management.

(d) "Related funds" means the Washington opportunity pathways account, the workforce education investment account, the fair start for kids account, and the education legacy trust account.

NEW SECTION. **Sec.**  A new section is added to chapter 43.135 RCW to read as follows:

If the cost of any state program or function is shifted from the state general fund or related funds on or after January 1, 2021, to another source of funding, or if moneys are transferred from the state general fund or related funds to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025, shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund or related funds to another fund or account includes any state legislative action taken after July 1, 2021, that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund or related funds, while increasing the revenues from that particular source to another state or local government account.

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