

SENATE BILL REPORT

SB 5316

As of January 26, 2021

Title: An act relating to oversight of state financial management.

Brief Description: Concerning oversight of state financial management.

Sponsors: Senators Wilson, L., Rolfes, Braun, Brown, Dozier, Gildon, Rivers, Schoesler, Short and Warnick.

Brief History:

Committee Activity: Ways & Means: 1/26/21.

Brief Summary of Bill

- Revises the process to request spending unanticipated revenues.
- Creates a Joint Legislative Interim Budget Committee (joint committee).
- Requires review and approval by the joint committee before the Governor can approve spending for requests to spend unanticipated revenue of \$5 million or more, or revenue less than \$5 million when meeting certain criteria.
- Allows the joint committee, by a vote of six members, to approve or reject a request, in whole or in part.
- Prohibits the Governor from approving rejected requests, but allows submitting a new request to the joint committee.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Julie Murray (786-7711)

Background: The unanticipated receipts process (UAR) permits the governor to spend federal or non-state moneys without an appropriation if the moneys were not anticipated in

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the budget enacted by the legislature. This process designates the Governor as the state's agent to receive these types of moneys.

The process requires the head of an agency or department to request the Governor authorize a revision to its allotments. Allotments are the agency's general spending plan based on the legislatively enacted budget that is reviewed and approved by the Office of Financial Management (OFM). The request must describe the need, amount, purpose and timing of the moneys to be spent. For spending that impacts the operating or capital budgets, the law requires the Joint Legislative Audit and Review Committee (JLARC) to be notified of the request at the same time as the Governor if the Legislature is not in session or the Senate Ways & Means Committee and the House Appropriations Committee or House Capital Budget Committee, if in session. For spending that impacts the transportation budget, notice of the request are submitted, at minimum, to the Transportation committees of the House and Senate.

Though not required by law, OFM allotment instructions provide that the committees are given ten days to review and comment on a UAR request. The Governor is authorized to revise any UAR request, approve them, and thereafter must notify JLARC and the committees. OFM allotment instructions also direct that while the Legislature is in session, UARs should not be submitted, and instead agencies should seek an appropriation in the budget.

Unanticipated receipts may range from very small private grants to large sums of federal moneys such as those received from the federal CARES act. The volume and spending from UARs vary by biennium:

Biennium	TOTAL UARs Operating and Capital	TOTAL UARs Transportation	Smallest UAR Amount	Largest UAR Amount	Total Amount Allotted through UARs
2015- 2017	55	10	\$3,900	\$30,280,000	\$51,731,000
2017- 2019	49	20	\$500	\$78,800,000	\$103,162,000
2019- 2021	141	5	\$5,000	\$800,000,000	\$3,107,716,000

Summary of Bill: The UAR process is available only when the Legislature is not in session. A UAR is required for moneys actually received or awarded. Notice of a UAR request with operating or capital costs is directed to the Senate Ways & Means Committee

and the House Appropriations or Capital Budget Committee, and JLARC is removed. The committees must be given ten calendar days to review and comment on the request.

Requests to spend unanticipated revenue of \$5 million or more must be reviewed and approved the Joint Legislative Interim Budget Committee (joint committee). The Governor may revise the agency's request prior to submitting to the joint committee. Requests to spend unanticipated revenue of less than \$5 million must come before the joint committee if the spending would:

- impose a commitment to spend new state funds for any program or purpose;
- impose new or additional maintenance of effort requirements on existing programs or sources of funding;
- fund a new activity, program, or service in or into the next ensuing biennium;
- require implementation of the spending by contract or agreement that would prevent the legislature from appropriating the revenue; or
- allow the state discretion to use the funds for multiple programs or purposes or to use the funds at multiple agencies.

The joint committee is composed of eight members:

- the majority and minority leaders of the Senate;
- the speaker and the minority leader of the House of Representatives;

- two additional members of the Senate who must be current members of the Ways and Means Committee, with one member from each of the two largest caucuses of the Senate appointed by their respective leaders; and
- two additional members of the House of Representatives who must be current members of the Appropriations or Capital Budget committees, with one member from each of the major caucuses of the House of Representatives appointed by their respective leaders.

The joint committee is co-chaired by Senate leadership in even-numbered years and House of Representatives leadership in odd-numbered years. The committee must adopt rules and procedures for its operation, and may meet by electronic means. The purpose of the joint committee is to review UARs, study issues related to state financial management and make recommendations, and to perform any other duties prescribed to it. The joint committee must meet regularly to review and take action on UAR requests. If the unanticipated revenue could be used to replace or save general fund moneys to accomplish a previously budgeted expenditure, the Governor must also submit with the request an alternative proposal to use the unanticipated revenue for that purpose for the joint committee to consider for approval. The joint committee may require a requesting agency for assistance in its review.

The joint committee may approve or reject, in whole or in part, UAR requests. Action by the joint committee requires the affirmative vote of six members. If the committee is unable to meet or vote on a request, the request is deemed rejected. If the joint committee rejects a

request, in whole or in part, the Governor may not approve it, but is free to submit a new request of the moneys for approval.

To change the amount, use, or purpose of an approved UAR, the Governor must submit a request for revision using the same process for the original request. All other revisions may be approved by the Governor and notice must be given to the appropriate fiscal committees of the Legislature.

Appropriation: None.

Fiscal Note: Requested on January 23, 2021.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: The bill contains an emergency clause and takes effect immediately.