

HOUSE BILL REPORT

HB 2240

As Reported By House Committee On: Appropriations

Title: An act relating to the efficient use of general fund moneys.

Brief Description: Creating the savings incentive account.

Sponsors: Representatives Huff, Linville, Wolfe and Poulsen; by request of Governor Locke.

Brief History:

Committee Activity:

Appropriations: 3/27/97, 4/2/97 [DPS].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 31 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Kristen Reiber (786-7148).

Background: An appropriation is a law passed by the Legislature that gives an agency authority to incur a maximum expenditure. Appropriations are usually contained in the Omnibus Appropriations Act, better known as the budget bill. In addition to the biennial budget bill, which is enacted in odd-numbered years, the Legislature typically enacts supplemental budgets annually to adjust agencies' appropriations.

As a result of the annual expenditure limit established by Initiative 601, moneys from the state general fund are appropriated by fiscal year (FY). Moneys from other funds are usually appropriated by fiscal biennium. Fiscal years run from July 1 to June 30 and are named for the year in which they end; a fiscal biennium consists of two

fiscal years. For example, the 97-99 fiscal biennium begins July 1, 1997, and ends June 30, 1999, and it consists of FY 98 and FY 99.

The Budget and Accounting Act, in accordance with Article VIII, Section 4 of the state constitution, provides that unspent appropriations lapse at the end of the fiscal period for which they were appropriated. When an appropriation lapses, the agency loses the authority to expend it, and the unspent portion of the appropriation reverts to a nonappropriated status. In other words, appropriations do not carry over to the following fiscal period.

Summary of Substitute Bill: The savings incentive account is created to receive a portion of the general fund incentive savings— that remain unspent at the end of each fiscal year. Incentive savings— are defined as general fund appropriations that are unspent at the end of a fiscal year, excluding across-the-board reductions and excluding amounts that are attributable to caseload and enrollment reductions in entitlement programs, caseload and population changes in the Department of Corrections (DOC) and the Juvenile Rehabilitation Administration (JRA), higher education enrollments, amounts in budget provisos where the agency did not achieve the purpose of the proviso, debt service, and retirement contributions.

Moneys in the savings incentive account are credited to the agency that generated the savings. Amounts in the savings incentive account may be used only for one-time expenditures to improve the quality of state services. Only the agency head or a designee may authorize expenditures from the account. Moneys in the account may not be spent to establish new services, to expand existing services, or to create ongoing costs that would require future expenditures.

The education savings account is created to receive all general fund reversions that are not deposited in the savings incentive account. Expenditures from this appropriated account may be made for common school construction projects or K-12 technology improvements.

The Office of Financial Management must report to the Legislature on implementation of the act.

Substitute Bill Compared to Original Bill: The substitute bill adds caseload and population changes in the DOC and the JRA to the amounts excluded from the definition of incentive savings. It makes a technical change to the name of the account, removes the appropriation and adds an emergency clause. The education savings account is changed to an appropriated account.

Appropriation: Removed.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: None.