
SENATE BILL 6146

State of Washington

57th Legislature

2001 Regular Session

By Senators Rossi, Benton, Zarelli, Stevens, Honeyford, Hewitt, Parlette, T. Sheldon, McDonald, Deccio, Hochstatter, Finkbeiner, Swecker, Horn, Johnson, Long, Morton, Hale, McCaslin, West, Oke, Sheahan and Roach

Read first time 03/13/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to the state expenditure limit; amending RCW
2 43.135.025 and 43.135.060; reenacting and amending RCW 43.135.035; and
3 declaring an emergency.

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

5 **Sec. 1.** RCW 43.135.025 and 2000 2nd sp.s. c 2 s 1 are each amended
6 to read as follows:

7 (1) The state shall not expend from the general fund during any
8 fiscal year state moneys in excess of the state expenditure limit
9 established under this chapter.

10 (2) Except pursuant to a declaration of emergency under RCW
11 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),
12 the state treasurer shall not issue or redeem any check, warrant, or
13 voucher that will result in a state general fund expenditure for any
14 fiscal year in excess of the state expenditure limit established under
15 this chapter. A violation of this subsection constitutes a violation
16 of RCW 43.88.290 and shall subject the state treasurer to the penalties
17 provided in RCW 43.88.300.

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

4 (4) For purposes of computing the state expenditure limit for the
5 fiscal year beginning July 1, 1995, the phrase "the previous fiscal
6 year's state expenditure limit" means the total state expenditures from
7 the state general fund, not including federal funds, for the fiscal
8 year beginning July 1, 1989, plus the fiscal growth factor. This
9 calculation is then computed for the state expenditure limit for fiscal
10 years 1992, 1993, 1994, and 1995, and as required under RCW
11 43.135.035(4).

12 (5) A state expenditure limit committee is established for the
13 purpose of determining and adjusting the state expenditure limit as
14 provided in this chapter. The six members of the state expenditure
15 limit committee are the director of financial management, the attorney
16 general or the attorney general's designee, and the chairs and ranking
17 minority members of the senate committee on ways and means and the
18 house of representatives committee on appropriations. All actions of
19 the state expenditure limit committee taken pursuant to this chapter
20 require an affirmative vote of at least (~~three~~) four members.

21 (6) Each November, the state expenditure limit committee shall
22 adjust the expenditure limit for the preceding fiscal year based on
23 actual expenditures and known changes in the fiscal growth factor and
24 then project an expenditure limit for the next two fiscal years. If,
25 by November 30th, the state expenditure limit committee has not adopted
26 the expenditure limit adjustment and projected expenditure limit as
27 provided in subsection (5) of this section, the attorney general or his
28 or her designee shall adjust or project the expenditure limit, as
29 necessary.

30 (7) "Fiscal growth factor" means the average of the sum of
31 inflation and population change for each of the prior three fiscal
32 years.

33 (8) "Inflation" means the percentage change in the implicit price
34 deflator for the United States for each fiscal year as published by the
35 federal bureau of labor statistics.

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

1 **Sec. 2.** RCW 43.135.035 and 2001 c 3 s 8 (Initiative Measure No.
2 728) and 2000 2nd sp.s. c 2 s 2 are each reenacted and amended to read
3 as follows:

4 (1) After July 1, 1995, any action or combination of actions by the
5 legislature that raises state tax revenue to any fund or account or
6 requires revenue-neutral tax shifts may be taken only if approved by a
7 two-thirds vote of each house, and then only if state expenditures in
8 any fiscal year, including the new revenue, will not exceed the state
9 expenditure limits established under this chapter.

10 (2)(a) If the legislative action under subsection (1) of this
11 section will result in expenditures in excess of the state expenditure
12 limit, then the action of the legislature shall not take effect until
13 approved by a vote of the people at a November general election. The
14 office of financial management shall adjust the state expenditure limit
15 by the amount of additional revenue approved by the voters under this
16 section. This adjustment shall not exceed the amount of revenue
17 generated by the legislative action during the first full fiscal year
18 in which it is in effect. The state expenditure limit shall be
19 adjusted downward upon expiration or repeal of the legislative action.

20 (b) The ballot title for any vote of the people required under this
21 section shall be substantially as follows:

22 "Shall taxes be imposed on in order to allow a
23 spending increase above last year's authorized spending adjusted for
24 inflation and population increases?"

25 (3)(a) The state expenditure limit may be exceeded upon declaration
26 of an emergency for a period not to exceed twenty-four months by a law
27 approved by a two-thirds vote of each house of the legislature and
28 signed by the governor. The law shall set forth the nature of the
29 emergency, which is limited to natural disasters that require immediate
30 government action to alleviate human suffering and provide humanitarian
31 assistance. The state expenditure limit may be exceeded for no more
32 than twenty-four months following the declaration of the emergency and
33 only for the purposes contained in the emergency declaration.

34 (b) Additional taxes required for an emergency under this section
35 may be imposed only until thirty days following the next general
36 election, unless an extension is approved at that general election.
37 The additional taxes shall expire upon expiration of the declaration of
38 emergency. The legislature shall not impose additional taxes for

1 emergency purposes under this subsection unless funds in the education
2 construction fund have been exhausted.

3 (c) The state or any political subdivision of the state shall not
4 impose any tax on intangible property listed in RCW 84.36.070 as that
5 statute exists on January 1, 1993.

6 (4) If the cost of any state program or function is shifted from
7 the state general fund on or after January 1, 1993, to another source
8 of funding, or if moneys are transferred from the state general fund to
9 another fund or account, the state expenditure limit committee, acting
10 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
11 to reflect the shift. For the purposes of this section, a transfer of
12 money from the state general fund to another fund or account includes
13 any state legislative action taken after July 1, 2000, that has the
14 effect of reducing revenues from a particular source, where such
15 revenues would otherwise be deposited into the state general fund,
16 while increasing the revenues from that particular source to another
17 state or local government account. For the purposes of this section,
18 a shift of state program costs includes the shift of any portion of the
19 program's cost, including the shift of the cost of any future growth in
20 the program. This subsection does not apply to the dedication or use
21 of lottery revenues under RCW 67.70.240(3) or property taxes under RCW
22 84.52.068, in support of education or education expenditures.

23 (5) If the cost of any state program or function (~~(is))~~ and the
24 ongoing revenue necessary to fund the program or function are shifted
25 to the state general fund on or after January 1, (~~2000, from another~~
26 ~~source of funding, or if moneys are transferred to the state general~~
27 ~~fund from another fund or account)) 2001, the state expenditure limit
28 committee, acting pursuant to RCW 43.135.025(5), shall increase the
29 state expenditure limit to reflect the shift.~~

30 **Sec. 3.** RCW 43.135.060 and 1998 c 321 s 15 (Referendum Bill No.
31 49) are each amended to read as follows:

32 (1) After July 1, 1995, the legislature shall not impose
33 responsibility for new programs or increased levels of service under
34 existing programs on any political subdivision of the state unless the
35 subdivision is fully reimbursed by the state for the costs of the new
36 programs or increases in service levels. Reimbursement by the state
37 may be made by: (a) A specific appropriation; or (b) increases in

1 state distributions of revenue to political subdivisions occurring
2 after January 1, 1998.

3 (2) If by order of any court, or legislative enactment, the costs
4 of a specifically identified federal or local government program are
5 transferred to or from the state, the otherwise applicable state
6 expenditure limit shall be increased or decreased, as the case may be,
7 by the dollar amount of the costs of the program.

8 (3) The legislature, in consultation with the office of financial
9 management or its successor agency, shall determine the costs of any
10 new programs or increased levels of service under existing programs
11 imposed on any political subdivision or transferred to or from the
12 state.

13 (4) Subsection (1) of this section does not apply to the costs
14 incurred for voting devices or machines under RCW 29.04.200.

15 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
16 preservation of the public peace, health, or safety, or support of the
17 state government and its existing public institutions, and takes effect
18 immediately.

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