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HOUSE JOINT RESOLUTION 4225

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**State of Washington                      62nd Legislature                      2012 Regular Session**

**By** Representatives Shea, Haler, Overstreet, Taylor, Kristiansen, Ahern, Alexander, Schmick, Condotta, Rodne, Crouse, Wilcox, Buys, Armstrong, Dahlquist, Rivers, Short, Ross, Warnick, Parker, Johnson, Nealey, Bailey, Hargrove, Angel, Fagan, Kretz, McCune, Zeiger, Orcutt, Hinkle, and Pearson

Read first time 01/13/12. Referred to Committee on Ways & Means.

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

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

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

1 and may not propose expenditures from any other account that exceed the  
2 estimated amount of resources for that account for that fiscal period  
3 as of the date the governor submits the proposal to the legislature.

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

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

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

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

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

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

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

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

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

4 (b) The aggregate debt contracted by the state shall not exceed  
5 that amount for which payments of principal and interest in any fiscal  
6 year would require the state to expend more than nine percent of the  
7 arithmetic mean of its general state revenues for the three immediately  
8 preceding fiscal years as certified by the treasurer. The term "fiscal  
9 year" means that period of time commencing July 1 of any year and  
10 ending on June 30 of the following year.

11 (c) The term "general state revenues" when used in this section,  
12 shall include all state money received in the treasury from each and  
13 every source whatsoever except: (1) Fees and revenues derived from the  
14 ownership or operation of any undertaking, facility, or project; (2)  
15 Moneys received as gifts, grants, donations, aid, or assistance or  
16 otherwise from the United States or any department, bureau, or  
17 corporation thereof, or any person, firm, or corporation, public or  
18 private, when the terms and conditions of such gift, grant, donation,  
19 aid, or assistance require the application and disbursement of such  
20 moneys otherwise than for the general purposes of the state of  
21 Washington; (3) Moneys to be paid into and received from retirement  
22 system funds, and performance bonds and deposits; (4) Moneys to be paid  
23 into and received from trust funds including but not limited to moneys  
24 received from taxes levied for specific purposes and the several  
25 permanent and irreducible funds of the state and the moneys derived  
26 therefrom but excluding bond redemption funds; (5) Proceeds received  
27 from the sale of bonds or other evidences of indebtedness.

28 (d) In computing the amount required for payment of principal and  
29 interest on outstanding debt under this section, debt shall be  
30 construed to mean borrowed money represented by bonds, notes, or other  
31 evidences of indebtedness which are secured by the full faith and  
32 credit of the state or are required to be repaid, directly or  
33 indirectly, from general state revenues and which are incurred by the  
34 state, any department, authority, public corporation, or quasi public  
35 corporation of the state, any state university or college, or any other  
36 public agency created by the state but not by counties, cities, towns,  
37 school districts, or other municipal corporations, but shall not  
38 include obligations for the payment of current expenses of state

1 government, nor shall it include debt hereafter incurred pursuant to  
2 section 3 of this article, obligations guaranteed as provided for in  
3 subsection (g) of this section, principal of bond anticipation notes or  
4 obligations issued to fund or refund the indebtedness of the Washington  
5 state building authority. In addition, for the purpose of computing  
6 the amount required for payment of interest on outstanding debt under  
7 subsection (b) of this section and this subsection, "interest" shall be  
8 reduced by subtracting the amount scheduled to be received by the state  
9 as payments from the federal government in each year in respect of  
10 bonds, notes, or other evidences of indebtedness subject to this  
11 section.

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

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

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

37 (h) No money shall be paid from funds in custody of the treasurer  
38 with respect to any debt contracted after the effective date of this

1 amendment by the Washington state building authority, the capitol  
2 committee, or any similar entity existing or operating for similar  
3 purposes pursuant to which such entity undertakes to finance or provide  
4 a facility for use or occupancy by the state or any agency, department,  
5 or instrumentality thereof.

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

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

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

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

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

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

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

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