

SENATE BILL REPORT

SJR 8208

As Reported by Senate Committee On:
Ways & Means, February 24, 2017

Brief Description: Requiring the legislature to enact a four-year balanced budget.

Sponsors: Senators Fain, Braun, Rivers, Brown, Zeiger, Becker, Wilson, Angel, Bailey, Miloscia, Ericksen, Warnick, Schoesler, Honeyford, Walsh, King, Padden, Sheldon, O'Ban, Rossi, Baumgartner, Short and Fortunato.

Brief History:

Committee Activity: Ways & Means: 2/24/17, 2/24/17 [DP, DNP].

Brief Summary of Joint Resolution

- Amends the state Constitution to require the Legislature to adopt a four-year balanced budget.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Bailey, Becker, Fain, Miloscia, Rivers, Schoesler, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senators Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Billig, Conway, Darneille, Hasegawa, Keiser and Pedersen.

Staff: Michael Bezanson (786-7449)

Background: The expenses of the agencies, institutions, and programs of state government are appropriated by the Legislature in a Biennial Appropriations Act. The state Budget and Accounting Act requires the Governor to submit to the Legislature a biennial budget proposal that is balanced within the state's existing revenues.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

As amended by SSB 6636 (2012), the state Budget and Accounting Act requires the Legislature to adopt a four-year balanced budget. Under the provisions of the four-year balanced budget, the Legislature must enact a biennial appropriations budget bill that leaves a positive ending fund balance in the state General Fund and related funds and where the projected maintenance level of the enacted appropriations budget bill does not exceed the available fiscal resources in the ensuing biennium. Related funds means the Washington Opportunity Pathways account and the Education Legacy Trust account.

The balanced budget requirement, under the state Budget and Accounting Act, does not apply to (1) an early action budget bill that makes net reductions in appropriations and is enacted between July 1st and February 15th of any year, and (2) an ensuing biennium following a biennium in which monies are withdrawn from the Budget Stabilization account (Account).

The four-year balance budget requirement, under the state Budget and Accounting Act, defines projected maintenance level as the estimated appropriations necessary to maintain the continuing costs of program and service levels either funded in that appropriations bill or mandated by other state or federal law, and the amount of any General Fund monies projected to be transferred to the Account pursuant to Article VII, section 12 of the state Constitution.

Available fiscal resources is defined under the four-year balanced budget requirement, under the state Budget and Accounting Act, as the greater of (1) the official revenue forecast for the ensuing biennium, or (2) an assumed revenue increase of 4.5 percent for each year of the ensuing biennium.

The Account, also known as the Rainy Day Fund, was created in the state Constitution in 2007. One percent of general state revenues are deposited to the account each fiscal year. Monies may be withdrawn from the Account and appropriated by the Legislature under three circumstances: (1) if the Governor declares an emergency resulting from a catastrophic event, (2) if annual state employment growth is forecast to be less than 1 percent, or (3) the appropriation is made by a 60 percent vote of each house of the Legislature.

In order to amend Washington's Constitution, the Legislature must first approve the proposed amendment with a two-thirds vote. Then, the approved proposal must be placed on the ballot at the next state general election. It becomes law if approved by a majority of the electors.

Summary of Joint Resolution: At the next general election, the Secretary of State must submit to the qualified voters of the state an amendment to Article VII of the Washington State Constitution that would require the Legislature to adopt a four-year balanced budget.

In adopting a four-year balanced budget, the Legislature must enact an operating budget bill that leaves a positive ending fund balance in the state General Fund and related funds. In addition, the projected maintenance level necessary to maintain the continuing costs of state programs and services funded in the legislative enacted operating budget bill, or required by state and federal law, shall not exceed the available fiscal resources for the ensuing biennium.

If the employment growth forecast is estimated to be less than 1 percent and money is appropriated from the Account in a fiscal biennium, the ensuing biennium requirement that maintenance level costs not exceed available fiscal resources does not apply.

The Legislature may enact such laws as necessary to carry out and facilitate the four-year balanced budget requirements.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The Joint Resolution takes effect if approved by the voters at the next general election.

Staff Summary of Public Testimony: PRO: By requiring a balanced budget over four years, you ensure that there is adequate capacity in years three and four.

Persons Testifying: PRO: Eric Lohnes, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: No one.