
HOUSE BILL 1731

State of Washington 54th Legislature 1995 Regular Session

By Representatives Valle, Poulsen and Cole

Read first time 02/07/95. Referred to Committee on Appropriations.

1 AN ACT Relating to legislative educational expenditures; and
2 amending RCW 43.135.010, 43.135.025, 43.135.035, and 43.135.045.

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

4 **Sec. 1.** RCW 43.135.010 and 1994 c 2 s 1 (Initiative Measure No.
5 601) are each amended to read as follows:

6 The people of the state of Washington hereby find and declare:

7 (1) The continuing increases in our state tax burden and the
8 corresponding growth of state government is contrary to the interest of
9 the people of the state of Washington.

10 (2) It is necessary to limit the rate of growth of state government
11 while assuring adequate funding of essential services, including ample
12 funding of basic and higher education as defined by the legislature.

13 (3) The current budgetary system in the state of Washington lacks
14 stability. The system encourages crisis budgeting and results in
15 cutbacks during lean years and overspending during surplus years.

16 (4) It is therefore the intent of this chapter to:

17 (a) Establish a limit on state expenditures that will assure that
18 the growth rate of state expenditures does not exceed the growth rate
19 of inflation and state population;

1 (b) Assure that local governments are provided funds adequate to
2 render those services deemed essential by their citizens;

3 (c) Assure that the state does not impose responsibility on local
4 governments for new programs or increased levels of service under
5 existing programs unless the costs thereof are paid by the state;

6 (d) Provide for adjustment of the limit when costs of a program are
7 transferred between the state and another political entity;

8 (e) Establish a procedure for exceeding this limit in emergency
9 situations;

10 (f) Provide for voter approval of tax increases; and

11 (g) Avoid overfunding and underfunding state programs by providing
12 stability, consistency, and long-range planning.

13 **Sec. 2.** RCW 43.135.025 and 1994 c 2 s 2 (Initiative Measure No.
14 601) are each amended to read as follows:

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

18 (2) Except pursuant to a declaration of emergency under RCW
19 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),
20 the state treasurer shall not issue or redeem any check, warrant, or
21 voucher that will result in a state general fund expenditure for any
22 fiscal year in excess of the state expenditure limit established under
23 this chapter. A violation of this subsection constitutes a violation
24 of RCW 43.88.290 and shall subject the state treasurer to the penalties
25 provided in RCW 43.88.300.

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

29 (4) For purposes of this chapter, "state expenditure limit," "state
30 general fund expenditures," and "expenditures from the state general
31 fund" do not include amounts expended from the state general fund for
32 educational expenditures.

33 (5) For purposes of computing the state expenditure limit for the
34 fiscal year beginning July 1, 1995, the phrase "the previous fiscal
35 year's state expenditure limit" means the total state expenditures from
36 the state general fund, not including federal funds, for the fiscal
37 year beginning July 1, 1989, plus the fiscal growth factor. This
38 calculation is then computed for the state expenditure limit for fiscal

1 years 1992, 1993, 1994, and 1995, and as required under RCW
2 43.135.035(4).

3 ~~((+5))~~ (6) Each November, the office of financial management shall
4 adjust the expenditure limit for the preceding fiscal year based on
5 actual expenditures and known changes in the fiscal growth factor and
6 then project an expenditure limit for the next two fiscal years. The
7 office of financial management shall notify the legislative fiscal
8 committees of all adjustments to the state expenditure limit and
9 projections of future expenditure limits.

10 ~~((+6))~~ (7) "Fiscal growth factor" means the average of the sum of
11 inflation and population change for each of the prior three fiscal
12 years.

13 ~~((+7))~~ (8) "Inflation" means the percentage change in the implicit
14 price deflator for the United States for each fiscal year as published
15 by the federal bureau of labor statistics.

16 ~~((+8))~~ (9) "Population change" means the percentage change in
17 state population for each fiscal year as reported by the office of
18 financial management.

19 (10) "Educational expenditures" means the amounts expended from the
20 state general fund for basic education, higher education, and higher
21 education grant and financial aid programs as defined by the
22 legislature.

23 **Sec. 3.** RCW 43.135.035 and 1994 c 2 s 4 (Initiative Measure No.
24 601) are each amended to read as follows:

25 (1) After July 1, 1995, any action or combination of actions by the
26 legislature that raises state revenue or requires revenue-neutral tax
27 shifts may be taken only if approved by a two-thirds vote of each
28 house, and then only if state general fund expenditures in any fiscal
29 year, including the new revenue, will not exceed the state expenditure
30 limits established under this chapter.

31 (2)(a) If the legislative action under subsection (1) of this
32 section will result in expenditures in excess of the state expenditure
33 limit, then the action of the legislature shall not take effect until
34 approved by a vote of the people at a November general election. The
35 office of financial management shall adjust the state expenditure limit
36 by the amount of additional revenue approved by the voters under this
37 section. This adjustment shall not exceed the amount of revenue
38 generated by the legislative action during the first full fiscal year

1 in which it is in effect. The state expenditure limit shall be
2 adjusted downward upon expiration or repeal of the legislative action.

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

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

8 (3)(a) The state expenditure limit may be exceeded upon declaration
9 of an emergency for a period not to exceed twenty-four months by a law
10 approved by a two-thirds vote of each house of the legislature and
11 signed by the governor. The law shall set forth the nature of the
12 emergency, which is limited to natural disasters that require immediate
13 government action to alleviate human suffering and provide humanitarian
14 assistance. The state expenditure limit may be exceeded for no more
15 than twenty-four months following the declaration of the emergency and
16 only for the purposes contained in the emergency declaration.

17 (b) Additional taxes required for an emergency under this section
18 may be imposed only until thirty days following the next general
19 election, unless an extension is approved at that general election.
20 The additional taxes shall expire upon expiration of the declaration of
21 emergency. The legislature shall not impose additional taxes for
22 emergency purposes under this subsection unless funds in the education
23 construction fund have been exhausted.

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

27 (4) If the cost of any state program or function is shifted from
28 the state general fund on or after January 1, 1993, to another source
29 of funding, or if moneys are transferred from the state general fund to
30 another fund or account, the office of financial management shall lower
31 the state expenditure limit to reflect the shift.

32 **Sec. 4.** RCW 43.135.045 and 1994 c 2 s 3 (Initiative Measure No.
33 601) are each amended to read as follows:

34 (1) The emergency reserve fund is established in the state
35 treasury. During each fiscal year, the state treasurer shall deposit
36 in the emergency reserve fund all general fund--state revenues in
37 excess of the sum of (a) the state expenditure limit for that fiscal

1 year and (b) that fiscal year's educational expenditures. Deposits
2 shall be made at the end of each fiscal quarter based on projections of
3 state revenues and the state expenditure limit.

4 (2) The legislature may appropriate moneys from the emergency
5 reserve fund only with approval of at least two-thirds of the members
6 of each house of the legislature, and then only if the appropriation
7 does not cause total expenditures to exceed the state expenditure limit
8 under this chapter.

9 (3) The emergency reserve fund balance shall not exceed five
10 percent of biennial general fund--state revenues as projected by the
11 official state revenue forecast. Any balance in excess of five percent
12 shall be transferred on a quarterly basis by the state treasurer to the
13 education construction fund hereby created in the treasury.

14 (4)(a) Funds may be appropriated from the education construction
15 fund exclusively for common school construction or higher education
16 construction.

17 (b) Funds may be appropriated for any other purpose only if
18 approved by a two-thirds vote of each house of the legislature and if
19 approved by a vote of the people at the next general election. An
20 appropriation approved by the people under this subsection shall result
21 in an adjustment to the state expenditure limit only for the fiscal
22 period for which the appropriation is made and shall not affect any
23 subsequent fiscal period.

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