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HOUSE BILL 1923

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State of Washington

54th Legislature

1995 Regular Session

By Representatives Dickerson, Chopp, Regala, Cole, Hatfield, Sommers and Mason

Read first time 02/15/95. Referred to Committee on Appropriations.

1 AN ACT Relating to expenditures for correctional needs; amending  
2 RCW 43.135.025, 43.135.035, and 43.135.045; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that swift and certain  
5 implementation of criminal penalties requires the state to devote an  
6 increasing proportion of its resources to holding offenders accountable  
7 for their criminal behavior. To ensure the public's safety, the  
8 legislature finds that state spending on correctional needs should not  
9 be subject to expenditure limits.

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

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

15 (2) Except pursuant to a declaration of emergency under RCW  
16 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),  
17 the state treasurer shall not issue or redeem any check, warrant, or  
18 voucher that will result in a state general fund expenditure for any

1 fiscal year in excess of the state expenditure limit established under  
2 this chapter. A violation of this subsection constitutes a violation  
3 of RCW 43.88.290 and shall subject the state treasurer to the penalties  
4 provided in RCW 43.88.300.

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

8 (4) For purposes of this chapter, "state expenditure limit," "state  
9 general fund expenditures," and "expenditures from the state general  
10 fund" do not include amounts expended from the state general fund for  
11 correctional expenditures.

12 (5) For purposes of computing the state expenditure limit for the  
13 fiscal year beginning July 1, 1995, the phrase "the previous fiscal  
14 year's state expenditure limit" means the total state expenditures from  
15 the state general fund, not including federal funds, for the fiscal  
16 year beginning July 1, 1989, plus the fiscal growth factor. This  
17 calculation is then computed for the state expenditure limit for fiscal  
18 years 1992, 1993, 1994, and 1995, and as required under RCW  
19 43.135.035(4).

20 ((+5)) (6) Each November, the office of financial management shall  
21 adjust the expenditure limit for the preceding fiscal year based on  
22 actual expenditures and known changes in the fiscal growth factor and  
23 then project an expenditure limit for the next two fiscal years. The  
24 office of financial management shall notify the legislative fiscal  
25 committees of all adjustments to the state expenditure limit and  
26 projections of future expenditure limits.

27 ((+6)) (7) "Fiscal growth factor" means the average of the sum of  
28 inflation and population change for each of the prior three fiscal  
29 years.

30 ((+7)) (8) "Inflation" means the percentage change in the implicit  
31 price deflator for the United States for each fiscal year as published  
32 by the federal bureau of labor statistics.

33 ((+8)) (9) "Population change" means the percentage change in  
34 state population for each fiscal year as reported by the office of  
35 financial management.

36 (10) "Correctional expenditures" means the amounts expended from  
37 state general fund appropriations to the state department of  
38 corrections.

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

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

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

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

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

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

33       (b) Additional taxes required for an emergency under this section  
34 may be imposed only until thirty days following the next general  
35 election, unless an extension is approved at that general election.  
36 The additional taxes shall expire upon expiration of the declaration of  
37 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 office of financial management shall lower  
10 the state expenditure limit to reflect the shift.

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

13 (1) The emergency reserve fund is established in the state  
14 treasury. During each fiscal year, the state treasurer shall deposit  
15 in the emergency reserve fund all general fund--state revenues in  
16 excess of the sum of: (a) The state expenditure limit for that fiscal  
17 year; and (b) that fiscal year's correctional expenditures. Deposits  
18 shall be made at the end of each fiscal quarter based on projections of  
19 state revenues and the state expenditure limit.

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

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

30 (4)(a) Funds may be appropriated from the education construction  
31 fund exclusively for common school construction or higher education  
32 construction.

33 (b) Funds may be appropriated for any other purpose only if  
34 approved by a two-thirds vote of each house of the legislature and if  
35 approved by a vote of the people at the next general election. An  
36 appropriation approved by the people under this subsection shall result  
37 in an adjustment to the state expenditure limit only for the fiscal

1 period for which the appropriation is made and shall not affect any  
2 subsequent fiscal period.

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