

SENATE BILL REPORT

SJR 8206

As Reported By Senate Committee On:
Ways & Means, March 10, 1997

Brief Description: Encapsulating Initiative 601 into the Washington state Constitution.

Sponsors: Senators Zarelli and Benton.

Brief History:

Committee Activity: Ways & Means: 3/7/97, 3/10/97 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Hochstatter, Long, McDonald, Roach, Rossi, Schow, Swecker and Zarelli.

Minority Report: Do not pass.

Signed by Senators Bauer, Brown, Fraser, Loveland, Sheldon, Snyder and Thibaudeau.

Staff: Steve Jones (786-7440)

Background: Initiative 601 was enacted by the voters at the November 1993 general election. The major provisions of the initiative can be summarized as follows:

The annual growth in general fund expenditures is limited to the fiscal growth factor, which is the rolling three-year average of the state's population increase plus the rate of inflation. The expenditure limit may be exceeded in the case of a natural disaster pursuant to a declaration of emergency approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

The expenditure limit is adjusted downward to the extent that actual expenditures are less than the limit or if program costs or moneys are transferred from the general fund to another fund or account. The expenditure limit may be adjusted upward if the cost of a federal or local government program is transferred to the state.

State general fund revenues in excess of the expenditure limit are deposited in an emergency reserve fund, which can be appropriated by a two-thirds vote of the Legislature. If the deposits in the emergency reserve fund exceed 5 percent of biennial state general fund revenues, the excess revenue is deposited in the education construction account. Moneys in this account may be expended for common school or higher education construction projects or, if approved by a two-thirds vote of the Legislature and the voters at a general election, for any other purpose.

Actions of the Legislature that increase state revenue or make tax-neutral revenue shifts require a two-thirds vote of the Legislature. If such an action results in expenditures in excess of the state expenditure limit, a vote of the people is required.

State agencies may not increase administrative fees in excess of the fiscal growth factor without prior legislative approval.

The Legislature may not mandate a new local government program without a specific appropriation providing full reimbursement for the cost of the program.

Summary of Bill: The provisions of Initiative 601 are enacted as an amendment to the state Constitution.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Thirty days after the election at which it is approved.

Testimony For: Initiative 601 was enacted by the voters, who were tired of state government's spend it all- attitude. Enacting Initiative 601 as part of the state Constitution will ensure its continued effect.

Testimony Against: None.

Testified: Judy Nix, Washington Taxpayer Protection Coalition.