

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2648

57th Legislature
2002 Regular Session

Passed by the House February 15, 2002
Yeas 98 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 7, 2002
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2648** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2648

Passed Legislature - 2002 Regular Session

State of Washington

57th Legislature

2002 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Murray, Esser, Reardon and McIntire)

Read first time 02/12/2002. Referred to Committee on .

1 AN ACT Relating to the office of financial management; amending RCW
2 43.88.030; adding a new section to chapter 43.88 RCW; and adding a new
3 section to chapter 43.88A RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.88 RCW
6 to read as follows:

7 (1) The office of financial management must include in its capital
8 budget instructions, beginning with its instructions for the 2003-05
9 capital budget, a request for "yes" or "no" answers for the following
10 additional informational questions from capital budget applicants for
11 all proposed major capital construction projects valued over five
12 million dollars and required to complete a predesign:

13 (a) For proposed capital projects identified in this subsection
14 that are located in or serving city or county planning under RCW
15 36.70A.040:

16 (i) Whether the proposed capital project is identified in the host
17 city or county comprehensive plan, including the capital facility plan,
18 and implementing rules adopted under chapter 36.70A RCW;

1 (ii) Whether the proposed capital project is located within an
2 adopted urban growth area:

3 (A) If at all located within an adopted urban growth area boundary,
4 whether a project facilitates, accommodates, or attracts planned
5 population and employment growth;

6 (B) If at all located outside an urban growth area boundary,
7 whether the proposed capital project may create pressures for
8 additional development;

9 (b) For proposed capital projects identified in this subsection
10 that are requesting state funding:

11 (i) Whether there was regional coordination during project
12 development;

13 (ii) Whether local and additional funds were leveraged;

14 (iii) Whether environmental outcomes and the reduction of adverse
15 environmental impacts were examined.

16 (2) For projects subject to subsection (1) of this section, the
17 office of financial management shall request the required information
18 be provided during the predesign process of major capital construction
19 projects to reduce long-term costs and increase process efficiency.

20 (3) The office of financial management, in fulfilling its duties
21 under RCW 43.88.030(3) to create a capital budget document, must take
22 into account information gathered under subsections (1) and (2) of this
23 section in an effort to promote state capital facility expenditures
24 that minimize unplanned or uncoordinated infrastructure and development
25 costs, support economic and quality of life benefits for existing
26 communities, and support local government planning efforts.

27 (4) The office of community development must provide staff support
28 to the office of financial management and affected capital budget
29 applicants to help collect data required by subsections (1) and (2) of
30 this section.

31 **Sec. 2.** RCW 43.88.030 and 2000 2nd sp.s. c 4 s 12 are each amended
32 to read as follows:

33 (1) The director of financial management shall provide all agencies
34 with a complete set of instructions for submitting biennial budget
35 requests to the director at least three months before agency budget
36 documents are due into the office of financial management. The
37 director shall provide agencies and committees that are required under
38 RCW 44.40.070 to develop comprehensive six-year program and financial

1 plans with a complete set of instructions for submitting these program
2 and financial plans at the same time that instructions for submitting
3 other budget requests are provided. The budget document or documents
4 shall consist of the governor's budget message which shall be
5 explanatory of the budget and shall contain an outline of the proposed
6 financial policies of the state for the ensuing fiscal period, as well
7 as an outline of the proposed six-year financial policies where
8 applicable, and shall describe in connection therewith the important
9 features of the budget. The message shall set forth the reasons for
10 salient changes from the previous fiscal period in expenditure and
11 revenue items and shall explain any major changes in financial policy.
12 Attached to the budget message shall be such supporting schedules,
13 exhibits and other explanatory material in respect to both current
14 operations and capital improvements as the governor shall deem to be
15 useful to the legislature. The budget document or documents shall set
16 forth a proposal for expenditures in the ensuing fiscal period, or six-
17 year period where applicable, based upon the estimated revenues and
18 caseloads as approved by the economic and revenue forecast council and
19 caseload forecast council or upon the estimated revenues and caseloads
20 of the office of financial management for those funds, accounts,
21 sources, and programs for which the forecast councils do not prepare an
22 official forecast, including those revenues anticipated to support the
23 six-year programs and financial plans under RCW 44.40.070. In
24 estimating revenues to support financial plans under RCW 44.40.070, the
25 office of financial management shall rely on information and advice
26 from the transportation revenue forecast council. Revenues shall be
27 estimated for such fiscal period from the source and at the rates
28 existing by law at the time of submission of the budget document,
29 including the supplemental budgets submitted in the even-numbered years
30 of a biennium. However, the estimated revenues and caseloads for use
31 in the governor's budget document may be adjusted to reflect budgetary
32 revenue transfers and revenue and caseload estimates dependent upon
33 budgetary assumptions of enrollments, workloads, and caseloads. All
34 adjustments to the approved estimated revenues and caseloads must be
35 set forth in the budget document. The governor may additionally
36 submit, as an appendix to each supplemental, biennial, or six-year
37 agency budget or to the budget document or documents, a proposal for
38 expenditures in the ensuing fiscal period from revenue sources derived
39 from proposed changes in existing statutes.

1 Supplemental and biennial documents shall reflect a six-year
2 expenditure plan consistent with estimated revenues from existing
3 sources and at existing rates for those agencies required to submit
4 six-year program and financial plans under RCW 44.40.070. Any
5 additional revenue resulting from proposed changes to existing statutes
6 shall be separately identified within the document as well as related
7 expenditures for the six-year period.

8 The budget document or documents shall also contain:

9 (a) Revenues classified by fund and source for the immediately past
10 fiscal period, those received or anticipated for the current fiscal
11 period, those anticipated for the ensuing biennium, and those
12 anticipated for the ensuing six-year period to support the six-year
13 programs and financial plans required under RCW 44.40.070;

14 (b) The undesignated fund balance or deficit, by fund;

15 (c) Such additional information dealing with expenditures,
16 revenues, workload, performance, and personnel as the legislature may
17 direct by law or concurrent resolution;

18 (d) Such additional information dealing with revenues and
19 expenditures as the governor shall deem pertinent and useful to the
20 legislature;

21 (e) Tabulations showing expenditures classified by fund, function,
22 activity, and agency;

23 (f) A delineation of each agency's activities, including those
24 activities funded from nonbudgeted, nonappropriated sources, including
25 funds maintained outside the state treasury;

26 (g) Identification of all proposed direct expenditures to implement
27 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
28 agency and in total; and

29 (h) Tabulations showing each postretirement adjustment by
30 retirement system established after fiscal year 1991, to include, but
31 not be limited to, estimated total payments made to the end of the
32 previous biennial period, estimated payments for the present biennium,
33 and estimated payments for the ensuing biennium.

34 (2) The budget document or documents shall include detailed
35 estimates of all anticipated revenues applicable to proposed operating
36 or capital expenditures and shall also include all proposed operating
37 or capital expenditures. The total of beginning undesignated fund
38 balance and estimated revenues less working capital and other reserves

1 shall equal or exceed the total of proposed applicable expenditures.

2 The budget document or documents shall further include:

3 (a) Interest, amortization and redemption charges on the state
4 debt;

5 (b) Payments of all reliefs, judgments, and claims;

6 (c) Other statutory expenditures;

7 (d) Expenditures incident to the operation for each agency;

8 (e) Revenues derived from agency operations;

9 (f) Expenditures and revenues shall be given in comparative form
10 showing those incurred or received for the immediately past fiscal
11 period and those anticipated for the current biennium and next ensuing
12 biennium, as well as those required to support the six-year programs
13 and financial plans required under RCW 44.40.070;

14 (g) A showing and explanation of amounts of general fund and other
15 funds obligations for debt service and any transfers of moneys that
16 otherwise would have been available for appropriation;

17 (h) Common school expenditures on a fiscal-year basis;

18 (i) A showing, by agency, of the value and purpose of financing
19 contracts for the lease/purchase or acquisition of personal or real
20 property for the current and ensuing fiscal periods; and

21 (j) A showing and explanation of anticipated amounts of general
22 fund and other funds required to amortize the unfunded actuarial
23 accrued liability of the retirement system specified under chapter
24 41.45 RCW, and the contributions to meet such amortization, stated in
25 total dollars and as a level percentage of total compensation.

26 (3) A separate capital budget document or schedule shall be
27 submitted that will contain the following:

28 (a) A statement setting forth a long-range facilities plan for the
29 state that identifies and includes the highest priority needs within
30 affordable spending levels;

31 (b) A capital program consisting of proposed capital projects for
32 the next biennium and the two biennia succeeding the next biennium
33 consistent with the long-range facilities plan. Inasmuch as is
34 practical, and recognizing emergent needs, the capital program shall
35 reflect the priorities, projects, and spending levels proposed in
36 previously submitted capital budget documents in order to provide a
37 reliable long-range planning tool for the legislature and state
38 agencies;

- 1 (c) A capital plan consisting of proposed capital spending for at
2 least four biennia succeeding the next biennium;
- 3 (d) A strategic plan for reducing backlogs of maintenance and
4 repair projects. The plan shall include a prioritized list of specific
5 facility deficiencies and capital projects to address the deficiencies
6 for each agency, cost estimates for each project, a schedule for
7 completing projects over a reasonable period of time, and
8 identification of normal maintenance activities to reduce future
9 backlogs;
- 10 (e) A statement of the reason or purpose for a project;
- 11 (f) Verification that a project is consistent with the provisions
12 set forth in chapter 36.70A RCW;
- 13 (g) A statement about the proposed site, size, and estimated life
14 of the project, if applicable;
- 15 (h) Estimated total project cost, including the cost of the raw
16 land, any in lieu of real property taxes, and the cost of development;
- 17 (i) For major projects valued over five million dollars, estimated
18 costs for the following project components: Acquisition, consultant
19 services, construction, equipment, project management, and other costs
20 included as part of the project. Project component costs shall be
21 displayed in a standard format defined by the office of financial
22 management to allow comparisons between projects;
- 23 (j) Estimated total project cost for each phase of the project as
24 defined by the office of financial management;
- 25 (k) Estimated ensuing biennium costs;
- 26 (l) Estimated costs beyond the ensuing biennium;
- 27 (m) Estimated construction start and completion dates;
- 28 (n) Source and type of funds proposed;
- 29 (o) Estimated ongoing operating budget costs or savings resulting
30 from the project, including staffing and maintenance costs;
- 31 (p) For any capital appropriation requested for a state agency for
32 the acquisition of land or the capital improvement of land in which the
33 primary purpose of the acquisition or improvement is recreation or
34 wildlife habitat conservation, the capital budget document, or an
35 omnibus list of recreation and habitat acquisitions provided with the
36 governor's budget document, shall identify the projected costs of
37 operation and maintenance for at least the two biennia succeeding the
38 next biennium. Omnibus lists of habitat and recreation land
39 acquisitions shall include individual project cost estimates for

1 operation and maintenance as well as a total for all state projects
2 included in the list. The document shall identify the source of funds
3 from which the operation and maintenance costs are proposed to be
4 funded;

5 (q) Such other information bearing upon capital projects as the
6 governor deems to be useful;

7 (r) Standard terms, including a standard and uniform definition of
8 normal maintenance, for all capital projects;

9 (s) Such other information as the legislature may direct by law or
10 concurrent resolution.

11 For purposes of this subsection (3), the term "capital project"
12 shall be defined subsequent to the analysis, findings, and
13 recommendations of a joint committee comprised of representatives from
14 the house capital appropriations committee, senate ways and means
15 committee, legislative transportation committee, legislative evaluation
16 and accountability program committee, and office of financial
17 management.

18 (4) No change affecting the comparability of agency or program
19 information relating to expenditures, revenues, workload, performance
20 and personnel shall be made in the format of any budget document or
21 report presented to the legislature under this section or RCW
22 43.88.160(1) relative to the format of the budget document or report
23 which was presented to the previous regular session of the legislature
24 during an odd-numbered year without prior legislative concurrence.
25 Prior legislative concurrence shall consist of (a) a favorable majority
26 vote on the proposal by the standing committees on ways and means of
27 both houses if the legislature is in session or (b) a favorable
28 majority vote on the proposal by members of the legislative evaluation
29 and accountability program committee if the legislature is not in
30 session.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.88A RCW
32 to read as follows:

33 Except for transportation projects, trust lands, or purchase or
34 exchange of land by institutions of higher education under RCW
35 28B.10.016, the legislature must have a fiscal note prepared for any
36 purchase or exchange of land authorized in a capital budget or by
37 separate appropriation. The appropriate legislative fiscal committees
38 must request a fiscal note containing the following:

- 1 (1) Cost of raw land;
- 2 (2) Cost of ongoing maintenance;
- 3 (3) Cost of ongoing operations and source of funding;
- 4 (4) Employee costs on a full-time equivalent basis including
- 5 administrative costs;
- 6 (5) Cost of development;
- 7 (6) Any other known costs; and
- 8 (7) Any in lieu of real property taxes, including amounts due
- 9 junior taxing districts.

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