

SSB 6636 - H AMD TO H AMD (H-4781.3/12) 1429
By Representative Hasegawa

OUT OF ORDER 04/10/2012

1 On page 7, after line 12 of the amendment, insert the following:

2 "NEW SECTION. **Sec. 6.** A new section is added to chapter 43.88 RCW
3 to read as follows:

4 (1) Omnibus operating appropriations bills proposed by the governor
5 and enacted by the legislature must include:

6 (a) A tax expenditure section or sections listing all state tax
7 expenditures, together with an estimate of the state revenue impact
8 associated with each state tax expenditure; and

9 (b) A section stating the total estimated revenue impact from all
10 state tax expenditures, total appropriations, and total state
11 expenditures representing the sum of appropriations and state tax
12 expenditures.

13 (2) The sections described in subsection (1) of this section must
14 be stated in part I of the omnibus operating appropriations bill.

15 (3) For the purposes of this section, "state tax expenditure" means
16 a tax preference, as defined in RCW 43.136.021, that impacts revenues
17 appropriated in the omnibus operating appropriations bill.

18 **Sec. 7.** RCW 43.06.400 and 2011 1st sp.s. c 20 s 201 are each
19 amended to read as follows:

20 (1) (~~Beginning in January 1984, and in January of every fourth~~
21 ~~year thereafter~~) Biennially, the department of revenue must (~~submit~~
22 ~~to the legislature prior to the regular session~~) prepare a listing of
23 the amount of reduction for the current and next biennium in the
24 revenues of the state or the revenues of local government collected by
25 the state as a result of tax (~~exemptions~~) expenditures. The listing
26 must include an estimate of the revenue lost from the tax (~~exemption~~)
27 expenditure, the purpose of the tax (~~exemption~~) expenditure, the
28 persons, organizations, or parts of the population which benefit from
29 the tax (~~exemption~~) expenditure, and whether or not the tax

1 ((~~exemption~~)) expenditure conflicts with another state program. The
2 listing must include but not be limited to the following revenue
3 sources:

4 (a) Real and personal property tax exemptions under Title 84 RCW;

5 (b) Business and occupation tax exemptions, deductions, and credits
6 under chapter 82.04 RCW;

7 (c) Retail sales and use tax exemptions under chapters 82.08,
8 82.12, and 82.14 RCW;

9 (d) Public utility tax exemptions and deductions under chapter
10 82.16 RCW;

11 (e) Food fish and shellfish tax exemptions under chapter 82.27 RCW;

12 (f) Leasehold excise tax exemptions under chapter 82.29A RCW;

13 (g) Motor vehicle and special fuel tax exemptions and refunds under
14 chapters 82.36 and 82.38 RCW;

15 (h) Aircraft fuel tax exemptions under chapter 82.42 RCW;

16 (i) Motor vehicle excise tax exclusions under chapter 82.44 RCW;
17 and

18 (j) Insurance premiums tax exemptions under chapter 48.14 RCW.

19 (2) The department of revenue must prepare the listing required by
20 this section with the assistance of any other agencies or departments
21 as may be required.

22 (3) The department of revenue must (~~present the listing to the~~
23 ~~ways and means committees of each house in public hearings~~) submit the
24 listing to the governor at the time biennial budget requests are due
25 under RCW 43.88.030.

26 (4) (~~Beginning in January 1984, and every four years thereafter~~)
27 The governor is requested to review the report from the department of
28 revenue and (~~may submit~~) prepare a tax expenditure report as part of
29 the biennial budget documents under RCW 43.88.030. The tax expenditure
30 report must include the listing of expenditures prepared by the
31 department of revenue and a budget analysis of each expenditure. The
32 budget analysis must categorize each expenditure according to the
33 programs or functions each expenditure supports. The tax expenditure
34 report does not have to address tax expenditures required under the
35 state Constitution, federal Constitution, or federal law.

36 (5) The governor must identify each expenditure that will terminate
37 during the next biennium and make a recommendation as to whether the
38 expenditure should be allowed to terminate, continue, or continue with

1 modification. The governor also may submit other recommendations to
2 the legislature with respect to the repeal or modification of any tax
3 ((exemption)) expenditure. The ((ways and means)) fiscal committees of
4 each house and the appropriate standing committee of each house must
5 hold public hearings and take appropriate action on the tax expenditure
6 report and recommendations submitted by the governor.

7 ((+5)) (6) As used in this section, "tax ((exemption))
8 expenditure" means an exemption, exclusion, or deduction from the base
9 of a tax; a credit against a tax; a deferral of a tax; or a
10 preferential tax rate.

11 ((+6)) (7) For purposes of the listing due in January 2012, the
12 department of revenue does not have to prepare or update the listing
13 with respect to any tax ((exemption)) expenditure that would not be
14 likely to increase state revenue if the ((exemption)) expenditure was
15 repealed or otherwise eliminated.

16 **Sec. 8.** RCW 43.88.030 and 2006 c 334 s 43 are each amended to read
17 as follows:

18 (1) The director of financial management ((shall)) must provide all
19 agencies with a complete set of instructions for submitting biennial
20 budget requests to the director at least three months before agency
21 budget documents are due into the office of financial management. The
22 budget document or documents ((shall)) must consist of the governor's
23 budget message which ((shall)) must be explanatory of the budget and
24 ((shall)) must contain an outline of the proposed financial policies of
25 the state for the ensuing fiscal period, as well as an outline of the
26 proposed six-year financial policies where applicable, and ((shall))
27 must describe in connection therewith the important features of the
28 budget. The biennial budget document or documents ((shall)) must also
29 describe performance indicators that demonstrate measurable progress
30 towards priority results. The message ((shall)) must set forth the
31 reasons for salient changes from the previous fiscal period in
32 expenditure and revenue items and ((shall)) must explain any major
33 changes in financial policy. Attached to the budget message ((shall))
34 must be such supporting schedules, exhibits and other explanatory
35 material in respect to both current operations and capital improvements
36 as the governor ((shall)) deems to be useful to the legislature. The
37 budget document or documents ((shall)) must set forth a proposal for

1 expenditures in the ensuing fiscal period, or six-year period where
2 applicable, based upon the estimated revenues and caseloads as approved
3 by the economic and revenue forecast council and caseload forecast
4 council or upon the estimated revenues and caseloads of the office of
5 financial management for those funds, accounts, sources, and programs
6 for which the forecast councils do not prepare an official forecast.
7 Revenues (~~(shall)~~) must be estimated for such fiscal period from the
8 source and at the rates existing by law at the time of submission of
9 the budget document, including the supplemental budgets submitted in
10 the even-numbered years of a biennium. However, the estimated revenues
11 and caseloads for use in the governor's budget document may be adjusted
12 to reflect budgetary revenue transfers and revenue and caseload
13 estimates dependent upon budgetary assumptions of enrollments,
14 workloads, and caseloads. All adjustments to the approved estimated
15 revenues and caseloads must be set forth in the budget document. The
16 governor may additionally submit, as an appendix to each supplemental,
17 biennial, or six-year agency budget or to the budget document or
18 documents, a proposal for expenditures in the ensuing fiscal period
19 from revenue sources derived from proposed changes in existing
20 statutes.

21 The budget document or documents (~~(shall)~~) must also contain:

22 (a) Revenues classified by fund and source for the immediately past
23 fiscal period, those received or anticipated for the current fiscal
24 period, and those anticipated for the ensuing biennium;

25 (b) The tax expenditure report prepared under RCW 43.06.400;

26 (c) The undesignated fund balance or deficit, by fund;

27 ~~((+d))~~ (d) Such additional information dealing with expenditures,
28 revenues, workload, performance, and personnel as the legislature may
29 direct by law or concurrent resolution;

30 ~~((+d))~~ (e) Such additional information dealing with revenues and
31 expenditures as the governor (~~(shall)~~) deems pertinent and useful to
32 the legislature;

33 ~~((+e))~~ (f) Tabulations showing expenditures classified by fund,
34 function, and agency;

35 ~~((+f))~~ (g) The expenditures that include nonbudgeted,
36 nonappropriated accounts outside the state treasury;

37 ~~((+g))~~ (h) Identification of all proposed direct expenditures to

1 implement the Puget Sound water quality plan under chapter 90.71 RCW,
2 shown by agency and in total; and

3 ~~((h))~~ (i) Tabulations showing each postretirement adjustment by
4 retirement system established after fiscal year 1991, to include, but
5 not be limited to, estimated total payments made to the end of the
6 previous biennial period, estimated payments for the present biennium,
7 and estimated payments for the ensuing biennium.

8 (2) The budget document or documents ~~((shall))~~ must include
9 detailed estimates of all anticipated revenues applicable to proposed
10 operating or capital expenditures and ~~((shall))~~ must also include all
11 proposed operating or capital expenditures. The total of beginning
12 undesignated fund balance and estimated revenues less working capital
13 and other reserves shall equal or exceed the total of proposed
14 applicable expenditures. The budget document or documents ~~((shall))~~
15 must further include:

16 (a) Interest, amortization and redemption charges on the state
17 debt;

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

19 (c) Other statutory expenditures;

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

21 (e) Revenues derived from agency operations;

22 (f) Expenditures and revenues ~~((shall))~~ must be given in
23 comparative form showing those incurred or received for the immediately
24 past fiscal period and those anticipated for the current biennium and
25 next ensuing biennium;

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

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

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

33 (j) A showing and explanation of anticipated amounts of general
34 fund and other funds required to amortize the unfunded actuarial
35 accrued liability of the retirement system specified under chapter
36 41.45 RCW, and the contributions to meet such amortization, stated in
37 total dollars and as a level percentage of total compensation.

- 1 (3) The governor's operating budget document or documents (~~shall~~)
2 must reflect the statewide priorities as required by RCW 43.88.090.
- 3 (4) The governor's operating budget document or documents (~~shall~~)
4 must identify activities that are not addressing the statewide
5 priorities.
- 6 (5) A separate capital budget document or schedule (~~shall~~) must
7 be submitted that will contain the following:
- 8 (a) A statement setting forth a long-range facilities plan for the
9 state that identifies and includes the highest priority needs within
10 affordable spending levels;
- 11 (b) A capital program consisting of proposed capital projects for
12 the next biennium and the two biennia succeeding the next biennium
13 consistent with the long-range facilities plan. Inasmuch as is
14 practical, and recognizing emergent needs, the capital program
15 (~~shall~~) must reflect the priorities, projects, and spending levels
16 proposed in previously submitted capital budget documents in order to
17 provide a reliable long-range planning tool for the legislature and
18 state agencies;
- 19 (c) A capital plan consisting of proposed capital spending for at
20 least four biennia succeeding the next biennium;
- 21 (d) A strategic plan for reducing backlogs of maintenance and
22 repair projects. The plan (~~shall~~) must include a prioritized list of
23 specific facility deficiencies and capital projects to address the
24 deficiencies for each agency, cost estimates for each project, a
25 schedule for completing projects over a reasonable period of time, and
26 identification of normal maintenance activities to reduce future
27 backlogs;
- 28 (e) A statement of the reason or purpose for a project;
- 29 (f) Verification that a project is consistent with the provisions
30 set forth in chapter 36.70A RCW;
- 31 (g) A statement about the proposed site, size, and estimated life
32 of the project, if applicable;
- 33 (h) Estimated total project cost;
- 34 (i) For major projects valued over five million dollars, estimated
35 costs for the following project components: Acquisition, consultant
36 services, construction, equipment, project management, and other costs
37 included as part of the project. Project component costs (~~shall~~)

1 must be displayed in a standard format defined by the office of
2 financial management to allow comparisons between projects;

3 (j) Estimated total project cost for each phase of the project as
4 defined by the office of financial management;

5 (k) Estimated ensuing biennium costs;

6 (l) Estimated costs beyond the ensuing biennium;

7 (m) Estimated construction start and completion dates;

8 (n) Source and type of funds proposed;

9 (o) Estimated ongoing operating budget costs or savings resulting
10 from the project, including staffing and maintenance costs;

11 (p) For any capital appropriation requested for a state agency for
12 the acquisition of land or the capital improvement of land in which the
13 primary purpose of the acquisition or improvement is recreation or
14 wildlife habitat conservation, the capital budget document, or an
15 omnibus list of recreation and habitat acquisitions provided with the
16 governor's budget document, (~~shall~~) must identify the projected costs
17 of operation and maintenance for at least the two biennia succeeding
18 the next biennium. Omnibus lists of habitat and recreation land
19 acquisitions (~~shall~~) must include individual project cost estimates
20 for operation and maintenance as well as a total for all state projects
21 included in the list. The document (~~shall~~) must identify the source
22 of funds from which the operation and maintenance costs are proposed to
23 be funded;

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

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

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

30 For purposes of this subsection (5), the term "capital project"
31 (~~shall~~) must be defined subsequent to the analysis, findings, and
32 recommendations of a joint committee comprised of representatives from
33 the house capital appropriations committee, senate ways and means
34 committee, legislative evaluation and accountability program committee,
35 and office of financial management.

36 (6) No change affecting the comparability of agency or program
37 information relating to expenditures, revenues, workload, performance
38 and personnel (~~shall~~) may be made in the format of any budget

1 document or report presented to the legislature under this section or
2 RCW 43.88.160(1) relative to the format of the budget document or
3 report which was presented to the previous regular session of the
4 legislature during an odd-numbered year without prior legislative
5 concurrence. Prior legislative concurrence (~~shall~~) must consist of
6 (a) a favorable majority vote on the proposal by the standing
7 committees on ways and means of both houses if the legislature is in
8 session or (b) a favorable majority vote on the proposal by members of
9 the legislative evaluation and accountability program committee if the
10 legislature is not in session."

11 Renumber the remaining section consecutively, correct any internal
12 references accordingly, and correct the title.

EFFECT: Requires tax preference expenditures to be incorporated
into the state budget documents.

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