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HOUSE BILL 2267

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State of Washington                      64th Legislature      2015 2nd Special Session

By Representative Hunter

Read first time 06/22/15. Referred to Committee on Appropriations.

1            AN ACT Relating to temporarily suspending the state expenditure  
2 limit in order to implement the state's Article IX obligation to  
3 amply fund basic education; amending RCW 43.135.010 and 43.135.025;  
4 creating a new section; and declaring an emergency.

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

6            NEW SECTION.    **Sec. 1.** The legislature finds that under the state  
7 supreme court's decision and subsequent orders in *McCleary v. State*,  
8 the state has an Article IX constitutional obligation to make  
9 significant enhancements to the program of basic education over the  
10 next biennia. The legislature further finds that the state  
11 expenditure limit was first enacted in 1993 as part of Initiative  
12 Measure No. 601, and that Washington has undergone many changes in  
13 the intervening years, including a recession during which state  
14 general fund revenues and expenditures actually declined despite  
15 population growth and increased demands for public services. Finally,  
16 the legislature finds that the new state requirements for a four-year  
17 balanced budget and budget outlook process provide a better tool for  
18 balancing and controlling the state budget while fulfilling  
19 constitutional requirements than does the state expenditure limit  
20 process. For these reasons, during the biennia in which the  
21 legislature is phasing in its Article IX obligations and for the

1 ensuing biennium, the legislature is temporarily suspending the state  
2 expenditure limit.

3 **Sec. 2.** RCW 43.135.010 and 2005 c 72 s 3 are each amended to  
4 read as follows:

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

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

9 (2) It is necessary to limit the rate of growth of state  
10 government while assuring adequate funding of essential services,  
11 ~~((including))~~ and ample funding of basic education as defined by the  
12 legislature in chapter 548, Laws of 2009 and chapter 236, Laws of  
13 2010 and as required by the state supreme court opinion and  
14 subsequent orders in *McCleary v. State*.

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

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

19 (a) Establish a limit on state expenditures that will assure that  
20 the growth rate of state expenditures does not exceed the growth rate  
21 in Washington personal income once the state has fully implemented  
22 its Article IX funding obligations;

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

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

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

30 (e) Establish a procedure for exceeding this limit in emergency  
31 situations;

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

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

35 **Sec. 3.** RCW 43.135.025 and 2009 c 479 s 35 are each amended to  
36 read as follows:

1 (1) Beginning July 1, 2021, the state shall not expend from the  
2 general fund during any fiscal year state moneys in excess of the  
3 state expenditure limit established under this chapter.

4 (2) Except pursuant to (~~a declaration of emergency under RCW~~  
5 ~~43.135.035 or pursuant to~~) an appropriation under RCW 43.135.045(2),  
6 the state treasurer shall not issue or redeem any check, warrant, or  
7 voucher that will result in a state general fund expenditure for any  
8 fiscal year in excess of the state expenditure limit established  
9 under this chapter. A violation of this subsection constitutes a  
10 violation of RCW 43.88.290 and shall subject the state treasurer to  
11 the penalties provided in RCW 43.88.300.

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

15 (4) For purposes of computing the state expenditure limit for the  
16 fiscal year beginning July 1, (~~2009~~) 2021, the phrase "the previous  
17 fiscal year's state expenditure limit" means the total state  
18 expenditures from the state general fund(~~(, the public safety and~~  
19 ~~education account, the health services account, the violence~~  
20 ~~reduction and drug enforcement account, the student achievement fund,~~  
21 ~~the water quality account, and the equal justice subaccount, not~~  
22 ~~including federal funds,)) for the fiscal year beginning July 1,  
23 (~~2008~~) 2020, plus the fiscal growth factor.~~

24 (5) A state expenditure limit committee is established for the  
25 purpose of determining and adjusting the state expenditure limit as  
26 provided in this chapter. The members of the state expenditure limit  
27 committee are the director of financial management, the attorney  
28 general or the attorney general's designee, and the chairs and  
29 ranking minority members of the senate committee on ways and means  
30 and the house of representatives committee on ways and means. All  
31 actions of the state expenditure limit committee taken pursuant to  
32 this chapter require an affirmative vote of at least four members.

33 (6) Each November, the state expenditure limit committee shall  
34 adjust the expenditure limit for the preceding fiscal year based on  
35 actual expenditures and known changes in the fiscal growth factor and  
36 then project an expenditure limit for the next two fiscal years. If,  
37 by November 30th, the state expenditure limit committee has not  
38 adopted the expenditure limit adjustment and projected expenditure  
39 limit as provided in subsection (5) of this section, the attorney

1 general or his or her designee shall adjust or project the  
2 expenditure limit, as necessary.

3 (7) "Fiscal growth factor" means the average growth in state  
4 personal income for the prior ten fiscal years.

5 (8) "General fund" means the state general fund.

6 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of  
8 the state government and its existing public institutions, and takes  
9 effect immediately.

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