S-3309.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 6355**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 65th Legislature 2018 Regular Session**

**By** Senator Ericksen

AN ACT Relating to limitations on state revenue; amending RCW 43.135.060, 43.135.034, 43.135.902, 47.56.725, 82.14.310, 82.14.320, 82.14.330, and 90.76.090; reenacting and amending RCW 43.84.092; adding new sections to chapter 43.88 RCW; adding new sections to chapter 43.135 RCW; repealing RCW 43.135.025, 43.135.0342, 43.135.0343, 43.135.0351, 43.135.080, and 43.135.904; prescribing penalties; and providing an effective date.

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

NEW SECTION. **Sec.**  The legislature declares that:

(1) The continued growth in the burden of tax levies and other revenue generating assessments imposed on the citizens and businesses of the state of Washington and the corresponding growth in state government is contrary to the interests of the people of the state of Washington;

(2) It is necessary to reaffirm the people's will to limit the rate of growth of state government while assuring adequate funding of essential services, including basic education as required by Article IX, section 1 of the state Constitution;

(3) During periods of severe economic downturns or fiscal emergencies, receipts of state revenue collections may decline below the state revenue collection limit established in this chapter and, therefore, it is necessary and vital for the state of Washington to maintain an adequate reserve of state revenue collections to provide a resource for the stable financing of essential state services during such periods; and

(4) A state tax limitation was passed by a vote of the people at the November 6, 1979, state general election. However, because of a high base calculation, that state tax limitation has not been effective in carrying out the intent of the people to limit revenues and the growth of state government.

NEW SECTION. **Sec.**  It is the intent of the legislature to:

(1) Establish a limitation that will assure that the growth rate of state revenue collections does not exceed an established percentage of the economy as represented by total state personal income;

(2) Reaffirm that the state shall not impose upon any political subdivision of the state the responsibility for new programs, programs previously offered by the state, or increased levels of service unless the costs of these programs or services are paid or reimbursed by the state;

(3) Provide for adjustment of the state revenue collection limit when the costs of a federal, state, or political subdivision program, service, project, facility, or activity are transferred in such a manner that the result is an increase or decrease in state revenue collections;

(4) Establish a responsible and fiscally sound revenue reserve fund for use in severe economic downturns or fiscal emergencies;

(5) Establish procedures for the disposition of amounts collected in excess of this limit;

(6) Establish procedures for use when estimated state revenue collections fall below the state revenue collection limit; and

(7) Establish procedures for exceeding the limit in emergency situations.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Estimated state revenue collections" means the estimated state revenue collections as published in the most recent official economic and revenue forecast prepared under RCW 82.33.020.

(2) "Fiscal year" means the year beginning July 1st and ending June 30th.

(3) "General obligation debt reduction account" means the general obligation debt reduction account created in section 12 of this act.

(4) "Limitation factor" means the percentage created by dividing the sum of total state revenue collections for the fiscal years 2013 through 2017 by the sum of total state personal income for the fiscal years 2013 through 2017.

(5) "Political subdivision" means any division of the state made by proper authorities thereof, acting within their constitutional or legislatively authorized powers, for the purpose of carrying out the administration of governmental powers of a subordinate or local nature.

(6) "Revenue measure" means any tax, fee, license, charge, assessment, tariff, toll, duty, or other encumbrance levied, set, imposed, or exacted on persons, income, property, or activities or any expansion of the base of any existing tax, fee, license, charge, assessment, tariff, toll, duty, or other encumbrance levied, set, imposed, or exacted on persons, income, property, or activities.

(7) "Revenue reserve fund" means the revenue reserve fund created in section 8 of this act.

(8) "State revenue collections" means all moneys received, collected, or owed from each and every source as required by law or rule, whether or not such funds are otherwise subject to legislative appropriation, including funds maintained or deposited outside the state treasury. Unless otherwise stated to the contrary, "state revenue collections" does not include:

(a) Moneys received as a gift, grant, donation, aid, or assistance from any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington;

(b) Moneys received as a gift, grant, donation, aid, or assistance from the United States, or any department, agency, bureau, or corporation of the United States;

(c) Moneys derived from the investment of funds under the authority of the state investment board under chapter 43.33A RCW;

(d) Moneys received from performance bonds and deposits;

(e) Moneys paid into or received from the accident fund established under RCW 51.44.010, the medical aid fund established under RCW 51.44.020, the reserve fund established under RCW 51.44.033, and the second injury fund established under RCW 51.44.040, for the purposes authorized as of December 31, 2017;

(f) Moneys paid into or received from trust funds that were created or established before December 31, 2017;

(g) Moneys paid into or received from a permanent and irreducible fund of the state that was created or established before December 31, 2017;

(h) Moneys received from the sale of bonds or other evidences of indebtedness;

(i) Moneys paid into or deposited to funds or accounts by the state for disbursement to political subdivisions of the state. However, these funds or accounts must have been created or established before December 31, 2017;

(j) Moneys dedicated under Article II, section 40 of the state Constitution;

(k) Moneys paid into or received from the revenue reserve fund; or

(l) Moneys paid into or received from the general obligation debt reduction account.

(9) "State revenue collection limit" or "limit" means the limitation established in section 5 of this act.

(10) "Total state personal income" means the estimated total personal income for the state during a fiscal year as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the most recent official economic and revenue forecast prepared under RCW 82.33.020.

(11) "Undesignated fund balance" means any unreserved and undesignated current assets or other resources available for expenditure over and above any current liabilities that are expected to be incurred by the close of a fiscal year.

NEW SECTION. **Sec.**  By November 20, 2018, the economic and revenue forecast supervisor, as defined in RCW 82.33.010, must compute the limitation factor. Upon computing the limitation factor, the economic and revenue forecast supervisor must make and file, with the secretary of state, a certificate containing the results of the computation and any amendment or adjustment thereof. Copies of the certificate must be sent to each elected official of the state and each member of the legislature.

NEW SECTION. **Sec.**  (1) Unless otherwise provided for in this chapter, the state revenue collection limit for the fiscal year beginning July 1, 2019, and for each fiscal year thereafter, must be the limitation factor multiplied by the total state personal income for the fiscal year for which the limit is being calculated.

(2) To establish the revenue collection limit for the fiscal year beginning July 1, 2019, the economic and revenue forecast supervisor must use total state personal income as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the November 2018 official economic and revenue forecast prepared under RCW 82.33.020.

(3) To establish the revenue collection limit for the fiscal year beginning July 1, 2020, the economic and revenue forecast supervisor must use total state personal income as published by the United States department of commerce, bureau of economic analysis, or its successor, and as reported in the November 2019 official economic and revenue forecast prepared under RCW 82.33.020.

(4) For each fiscal year thereafter, the state revenue collection limit must be established by the economic and revenue forecast supervisor on November 20th of the year immediately preceding the fiscal year for which the limit is being calculated.

NEW SECTION. **Sec.**  Except as otherwise provided for in this chapter, all state revenue measures from which state revenue collections are derived must be imposed, levied, or set by law or rule in such a manner that estimated state revenue collections for each fiscal year will not exceed the state revenue collection limit established for the corresponding fiscal year.

NEW SECTION. **Sec.**  (1) The state must not expend funds derived from state revenue collections for any fiscal year in excess of the state revenue collection limit established for the corresponding fiscal year.

(2) Except under an appropriation provided for a declaration of emergency under section 10 of this act, the state treasurer must not issue or redeem any check, warrant, or voucher from funds derived from state revenue collections that would result in an expenditure for any fiscal year in excess of the state revenue collection limit for the corresponding fiscal year. A violation of this subsection constitutes a violation of RCW 43.88.290.

(3) In addition to the penalties provided in RCW 43.88.300 for a judgment against the state treasurer for violating RCW 43.88.290, the attorney general may take civil action for such violations.

NEW SECTION. **Sec.**  (1) A revenue reserve fund is created in the custody of the state treasurer. Only the state treasurer may transfer moneys to or from the fund as provided in this chapter. On the effective date of this section, all funds currently contained, or on deposit, in the budget stabilization account created in RCW 43.79.490 must be transferred into the revenue reserve fund.

(2) The state treasurer must transfer to the revenue reserve fund a sum equal to the amount of any state revenue collections in excess of the state revenue collection limit. Deposits authorized under this subsection must be made the last day of each fiscal year based on estimated state revenue collections for that fiscal year.

(3) Upon the completion of any fiscal year for which there is an undesignated fund balance, the state treasurer must transfer to the revenue reserve fund a sum equal to the amount of any undesignated fund balance.

(4) The state treasurer must transfer to the revenue reserve fund any other amounts the legislature may from time to time direct to be deposited or transferred into the fund.

(5) The balance of the revenue reserve fund at the end of a fiscal year must not exceed two and one-half percent of the immediately preceding fiscal year's state revenue collection limit. Any amount in excess of this two and one-half percent limit must be transferred by the state treasurer to the general obligation debt reduction account.

NEW SECTION. **Sec.**  (1) If, at the time the state revenue collection limit is established as required under section 5 of this act, the estimated state revenue collections for the corresponding fiscal year are projected to be below the state revenue collection limit, the state treasurer must immediately transfer to the state general fund from amounts available in the revenue reserve fund a sum equal to the difference between estimated state revenue collections and the state revenue collection limit for use during such fiscal year.

(2) If the procedure required under subsection (1) of this section has been implemented and there remains a difference between the state revenue collection limit and estimated state revenue collections, the legislature may, by an affirmative vote of sixty percent of each house, enact revenue measures necessary to generate any sum that is equal to or below the state revenue collection limit less the estimated state revenue collections.

(3) Any revenue measure enacted under subsection (2) of this section may be imposed, levied, or set by law or rule for a period of up to twenty-four months from the effective date of such revenue measure.

NEW SECTION. **Sec.**  (1) The state revenue collection limit may be exceeded upon declaration of an emergency by the governor and a law approved by an affirmative vote of seventy-five percent of each house of the legislature. The declaration of emergency must set forth the circumstances constituting the emergency and the amount of state revenue collections in excess of the applicable state revenue collection limit necessary to meet the emergency.

(2) A declaration of emergency for the purposes of exceeding the state revenue collection limit must not exceed twenty-four months.

(3) The state revenue collection limit may be exceeded by an amount no greater than that indicated by the governor in his or her emergency declaration.

(4) The amount of state revenue collections authorized under this section in excess of the state revenue collection limit is not subject to the provisions of sections 7(2) and 8(2) of this act.

(5) Revenue measures enacted to meet the costs of an emergency under this section may be imposed, levied, or set by law or rule for a period not to exceed twenty-four months from the effective date of the revenue measures. However, all revenue measures enacted to meet the cost of an emergency under this section expire immediately upon the expiration of the declaration of emergency.

NEW SECTION. **Sec.**  (1) If by order of any court, the costs of a federal, state, or political subdivision program, service, project, facility, or activity are transferred in such a manner that the result is an increase or decrease in state revenue collections, the limitation factor must be adjusted and the state revenue collection limit recalculated as provided in this section. The office of financial management must determine the total dollar amount of any increase or decrease in state revenue collections caused by such a transfer.

(2) For the purpose of this section, "adjusted limitation factor" means the total dollar amount of any such increase or decrease in state revenue collections for the fiscal year in which the increase or decrease is effective divided by the corresponding fiscal year's total state personal income plus or minus the limitation factor or the most recent adjusted limitation factor.

(3) For the fiscal year in which any such increase or decrease is effective and for each fiscal year thereafter, the state revenue collection limit must be the adjusted limitation factor multiplied by total state personal income for the fiscal year for which the limit is being recalculated or calculated.

(4) For the fiscal year in which any state revenue collections increase or decrease required by subsection (1) of this section become effective, the state revenue collection limit as adjusted in this section must be recalculated by the economic and revenue forecast supervisor before the beginning of that fiscal year. For the fiscal years thereafter, the state revenue collection limit must be established by the economic and revenue forecast supervisor on November 20th of the year immediately preceding the fiscal year for which the state revenue collection limit is being calculated.

NEW SECTION. **Sec.**  The general obligation debt reduction account is created in the state treasury. Moneys in the account may be spent only following appropriation by law and must be used solely for the purposes of reducing the outstanding principal and interest of the general obligation indebtedness of the state of Washington.

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

The official, optimistic, and pessimistic revenue forecasts prepared under RCW 82.33.020 must include revenue estimates for all state revenue collections as defined in chapter 43.135 RCW.

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

The budget document submitted by the governor to the legislature under RCW 43.88.030 must reflect the state revenue collection limit established under chapter 43.135 RCW and may not propose expenditures from funds derived from state revenue collections in excess of the state revenue collection limit established for the fiscal year or years to which the budget pertains.

**Sec.**  RCW 43.135.060 and 2015 c 53 s 71 are each amended to read as follows:

(1) After July 1, ((~~1995~~)) 2018, the legislature shall not impose responsibility for new programs, programs previously provided by the state, or increased levels of service under existing programs on any political subdivision of the state unless the subdivision is fully reimbursed by the state for the costs of the new programs or increases in service levels. Reimbursement by the state may be made by: (a) A specific appropriation; or (b) increases in state distributions of revenue to political subdivisions occurring after January 1, 1998.

(2) ((~~If by order of any court, or legislative enactment, the costs of a federal or local government program are transferred to or from the state, the otherwise applicable state expenditure limit shall be increased or decreased, as the case may be, by the dollar amount of the costs of the program.~~

~~(3) The legislature, in consultation with the office of financial management or its successor agency, shall determine the costs of any new programs or increased levels of service under existing programs imposed on any political subdivision or transferred to or from the state.~~

~~(4)~~)) Subsection (1) of this section does not apply to the costs incurred for voting devices or machines under RCW 29A.12.150.

(3) No portion of the reimbursement provided under subsection (1) of this section by the state to a political subdivision may be in the form of authorization for a new or increased revenue measure.

**Sec.**  RCW 43.84.092 and 2017 3rd sp.s. c 25 s 50, 2017 3rd sp.s. c 12 s 12, and 2017 c 290 s 8 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the Chehalis basin account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the early learning facilities development account, the early learning facilities revolving account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the general obligation debt reduction account, the grade crossing protective fund, the public health services account, ((~~the high capacity transportation account,~~)) the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pollution liability insurance agency underground storage tank revolving account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the revenue reserve fund, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault prevention and response account, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec.**  RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each amended to read as follows:

(1)((~~(a)~~)) Subject to section 5 of this act, any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two‑thirds vote in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

((~~(b)~~)) (2) For the purposes of this chapter, "raises taxes" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

((~~(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature may not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee must adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment may not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit must be adjusted downward upon expiration or repeal of the legislative action.~~

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

~~"Shall taxes be imposed on . . . . . . . in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"~~

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

~~(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes expire upon expiration of the declaration of emergency. The legislature may not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.~~

~~(c) The state or any political subdivision of the state may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.~~

~~(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(1)(c), in support of education or education expenditures; (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in RCW 46.68.395.~~

~~(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.~~))

**Sec.**  RCW 43.135.902 and 1994 c 2 s 10 are each amended to read as follows:

This chapter may be known and cited as the ((~~taxpayer protection~~)) state revenue collection limitation act.

**Sec.**  RCW 47.56.725 and 2015 c 230 s 1 are each amended to read as follows:

(1) The department is hereby authorized to enter into a continuing agreement with Pierce, Skagit, and Whatcom counties pursuant to which the department shall, from time to time, direct the distribution to each of the counties the amounts authorized in subsection (2) of this section in accordance with RCW 46.68.090.

(2) The department is authorized to include in each agreement a provision for the distribution of funds to each county to reimburse the county for fifty percent of the deficit incurred during each previous fiscal year in the operation and maintenance of the ferry system owned and operated by the county. The total amount to be reimbursed to Pierce, Skagit, and Whatcom counties collectively shall not exceed one million eight hundred thousand dollars in the 2015-2017 biennium. For subsequent biennia, the amount authorized in this section ((~~must increase by the fiscal growth factor as defined in RCW 43.135.025~~)) is subject to section 5 of this act. Each county agreement shall contain a requirement that the county shall maintain tolls on its ferries at least equal to published fares in place on January 1, 2015, excluding surcharges.

(3) The annual fiscal year operating and maintenance deficit, if any, shall be determined by Pierce, Skagit, and Whatcom counties subject to review and approval of the department. The annual fiscal year operating and maintenance deficit is defined as the total of operations and maintenance expenditures less the sum of ferry toll revenues and that portion of fuel tax revenue distributions which are attributable to the county ferry as determined by the department. Distribution of the amounts authorized by subsection (2) of this section by the state treasurer shall be directed by the department upon the receipt of properly executed vouchers from each county.

(4) The county road administration board may evaluate requests by Pierce, Skagit, Wahkiakum, and Whatcom counties for county ferry capital improvement funds. The board shall evaluate the requests and, if approved by a majority of the board, submit the requests to the legislature for funding out of the amounts available under RCW 46.68.090(2)(h). Any county making a request under this subsection shall first seek funding through the public works trust fund, or any other available revenue source, where appropriate.

**Sec.**  RCW 82.14.310 and 2013 2nd sp.s. c 4 s 1004 are each amended to read as follows:

(1) The county criminal justice assistance account is created in the state treasury. Beginning in fiscal year 2000, the state treasurer must transfer into the county criminal justice assistance account from the general fund the sum of twenty-three million two hundred thousand dollars divided into four equal deposits occurring on July 1, October 1, January 1, and April 1. For each fiscal year thereafter, the state treasurer must ((~~increase~~)) calculate the total transfer ((~~by the fiscal growth factor, as defined in RCW 43.135.025, forecast for that fiscal year by the office of financial management in November of the preceding year~~)) subject to section 5 of this act.

(2) The moneys deposited in the county criminal justice assistance account for distribution under this section, less any moneys appropriated for purposes under subsection (4) of this section, must be distributed ((~~at such times as distributions are made under RCW 82.44.150 and~~)) on the relative basis of each county's funding factor as determined under this subsection.

(a) A county's funding factor is the sum of:

(i) The population of the county, divided by one thousand, and multiplied by two-tenths;

(ii) The crime rate of the county, multiplied by three-tenths; and

(iii) The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

(b) Under this section and RCW 82.14.320 and 82.14.330:

(i) The population of the county or city is as last determined by the office of financial management;

(ii) The crime rate of the county or city is the annual occurrence of specified criminal offenses, as calculated in the most recent annual report on crime in Washington state as published by the Washington association of sheriffs and police chiefs, for each one thousand in population;

(iii) The annual number of criminal cases filed in the county superior court must be determined by the most recent annual report of the courts of Washington, as published by the administrative office of the courts;

(iv) Distributions and eligibility for distributions in the 1989-1991 biennium must be based on 1988 figures for both the crime rate as described under (ii) of this subsection and the annual number of criminal cases that are filed as described under (iii) of this subsection. Future distributions must be based on the most recent figures for both the crime rate as described under (ii) of this subsection and the annual number of criminal cases that are filed as described under (iii) of this subsection.

(3) Moneys distributed under this section must be expended exclusively for criminal justice purposes and may not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil or juvenile justice system occurs, and which includes (a) domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020, and (b) during the 2001-2003 fiscal biennium, juvenile dispositional hearings relating to petitions for at-risk youth, truancy, and children in need of services. Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

(4) Not more than five percent of the funds deposited to the county criminal justice assistance account may be available for appropriations for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Funds appropriated from this account for such enhancements may not supplant existing funds from the state general fund.

(5) During the 2011-2013 fiscal biennium, the amount that would otherwise be transferred into the county criminal justice assistance account from the general fund under subsection (1) of this section must be reduced by 3.4 percent.

(6) During the 2013-2015 fiscal biennium, for the purposes of substance abuse and other programs for offenders, the legislature may appropriate from the county criminal justice assistance account such amounts as are in excess of the amounts necessary to fully meet the state's obligations to the counties and to the Washington state patrol. Excess amounts in this account are not the result of subsection (5) of this section.

**Sec.**  RCW 82.14.320 and 2011 1st sp.s. c 50 s 971 are each amended to read as follows:

(1) The municipal criminal justice assistance account is created in the state treasury. Beginning in fiscal year 2000, the state treasurer must transfer into the municipal criminal justice assistance account for distribution under this section from the general fund the sum of four million six hundred thousand dollars divided into four equal deposits occurring on July 1, October 1, January 1, and April 1. For each fiscal year thereafter, the state treasurer must ((~~increase~~)) adjust the total transfer ((~~by the fiscal growth factor, as defined in RCW 43.135.025, forecast for that fiscal year by the office of financial management in November of the preceding year~~)) subject to section 5 of this act.

(2) No city may receive a distribution under this section from the municipal criminal justice assistance account unless:

(a) The city has a crime rate in excess of one hundred twenty-five percent of the statewide average as calculated in the most recent annual report on crime in Washington state as published by the Washington association of sheriffs and police chiefs;

(b) The city has levied the tax authorized in RCW 82.14.030(2) at the maximum rate or the tax authorized in RCW 82.46.010(3) at the maximum rate; and

(c) The city has a per capita yield from the tax imposed under RCW 82.14.030(1) at the maximum rate of less than one hundred fifty percent of the statewide average per capita yield for all cities from such local sales and use tax.

(3) The moneys deposited in the municipal criminal justice assistance account for distribution under this section, less any moneys appropriated for purposes under subsection (7) of this section, must be distributed ((~~at such times as distributions are made under RCW 82.44.150. The distributions must be made~~)) as follows:

(a) Unless reduced by this subsection, thirty percent of the moneys must be distributed ratably based on population as last determined by the office of financial management to those cities eligible under subsection (2) of this section that have a crime rate determined under subsection (2)(a) of this section which is greater than one hundred seventy-five percent of the statewide average crime rate. No city may receive more than fifty percent of any moneys distributed under this subsection (a) but, if a city distribution is reduced as a result of exceeding the fifty percent limitation, the amount not distributed must be distributed under (b) of this subsection.

(b) The remainder of the moneys, including any moneys not distributed in subsection (2)(a) of this section, must be distributed to all cities eligible under subsection (2) of this section ratably based on population as last determined by the office of financial management.

(4) No city may receive more than thirty percent of all moneys distributed under subsection (3) of this section.

(5) Notwithstanding other provisions of this section, the distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), must be made to the county in which the city is located.

(6) Moneys distributed under this section must be expended exclusively for criminal justice purposes and may not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020, and publications and public educational efforts designed to provide information and assistance to parents in dealing with runaway or at-risk youth. Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

(7) Not more than five percent of the funds deposited to the municipal criminal justice assistance account may be available for appropriations for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Funds appropriated from this account for such enhancements may not supplant existing funds from the state general fund.

(8) During the 2011-2013 fiscal biennium, the amount that would otherwise be transferred into the municipal criminal justice assistance account from the general fund under subsection (1) of this section must be reduced by 3.4 percent.

**Sec.**  RCW 82.14.330 and 2011 1st sp.s. c 50 s 972 are each amended to read as follows:

(1)(a) Beginning in fiscal year 2000, the state treasurer must transfer into the municipal criminal justice assistance account for distribution under this section from the general fund the sum of four million six hundred thousand dollars divided into four equal deposits occurring on July 1, October 1, January 1, and April 1. For each fiscal year thereafter, the state treasurer must ((~~increase~~)) adjust the total transfer ((~~by the fiscal growth factor, as defined in RCW 43.135.025, forecast for that fiscal year by the office of financial management in November of the preceding year~~)) subject to section 5 of this act. The moneys deposited in the municipal criminal justice assistance account for distribution under this section, less any moneys appropriated for purposes under subsection (4) of this section, must be distributed to the cities of the state as follows:

(i) Twenty percent appropriated for distribution must be distributed to cities with a three-year average violent crime rate for each one thousand in population in excess of one hundred fifty percent of the statewide three-year average violent crime rate for each one thousand in population. The three-year average violent crime rate must be calculated using the violent crime rates for each of the preceding three years from the annual reports on crime in Washington state as published by the Washington association of sheriffs and police chiefs. Moneys must be distributed under this subsection (1)(a) ratably based on population as last determined by the office of financial management, but no city may receive more than one dollar per capita. Moneys remaining undistributed under this subsection at the end of each calendar year must be distributed to the criminal justice training commission to reimburse participating city law enforcement agencies with ten or fewer full-time commissioned patrol officers the cost of temporary replacement of each officer who is enrolled in basic law enforcement training, as provided in RCW 43.101.200.

(ii) Sixteen percent must be distributed to cities ratably based on population as last determined by the office of financial management, but no city may receive less than one thousand dollars.

(b) The moneys deposited in the municipal criminal justice assistance account for distribution under this subsection (1) must be distributed ((~~at such times as distributions are made under RCW 82.44.150~~)).

(c) Moneys distributed under this subsection (1) must be expended exclusively for criminal justice purposes and may not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020. Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.

(2)(a) In addition to the distributions under subsection (1) of this section:

(i) Ten percent must be distributed on a per capita basis to cities that contract with another governmental agency for the majority of the city's law enforcement services. Cities that subsequently qualify for this distribution must notify the department of commerce by November 30th for the upcoming calendar year. The department of commerce must provide a list of eligible cities to the state treasurer by December 31st. The state treasurer must modify the distribution of these funds in the following year. Cities have the responsibility to notify the department of commerce of any changes regarding these contractual relationships. Adjustments in the distribution formula to add or delete cities may be made only for the upcoming calendar year; no adjustments may be made retroactively.

(ii) The remaining fifty-four percent must be distributed to cities and towns by the state treasurer on a per capita basis. These funds must be used for: (A) Innovative law enforcement strategies; (B) programs to help at-risk children or child abuse victim response programs; and (C) programs designed to reduce the level of domestic violence or to provide counseling for domestic violence victims.

(b) The moneys deposited in the municipal criminal justice assistance account for distribution under this subsection (2), less any moneys appropriated for purposes under subsection (4) of this section, must be distributed ((~~at the times as distributions are made under RCW 82.44.150~~)). Moneys remaining undistributed under this subsection at the end of each calendar year must be distributed to the criminal justice training commission to reimburse participating city law enforcement agencies with ten or fewer full-time commissioned patrol officers the cost of temporary replacement of each officer who is enrolled in basic law enforcement training, as provided in RCW 43.101.200.

(c) If a city is found by the state auditor to have expended funds received under this subsection (2) in a manner that does not comply with the criteria under which the moneys were received, the city is ineligible to receive future distributions under this subsection (2) until the use of the moneys are justified to the satisfaction of the director or are repaid to the state general fund.

(3) Notwithstanding other provisions of this section, the distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), must be made to the county in which the city is located.

(4) Not more than five percent of the funds deposited to the municipal criminal justice assistance account may be available for appropriations for enhancements to the state patrol crime laboratory system and the continuing costs related to these enhancements. Funds appropriated from this account for such enhancements may not supplant existing funds from the state general fund.

(5) During the 2011-2013 fiscal biennium, the amount that would otherwise be transferred into the municipal criminal justice assistance account from the general fund under subsection (1) of this section must be reduced by 3.4 percent.

**Sec.**  RCW 90.76.090 and 2007 c 147 s 7 are each amended to read as follows:

(1) An annual tank fee of one hundred twenty dollars per tank is effective July 1, 2007, to June 30, 2008. An annual tank fee of one hundred forty dollars per tank is effective from July 1, 2008, to June 30, 2009. Effective July 1, 2009, the annual tank fee will increase up to one hundred sixty dollars per tank unless the department has received sufficient additional federal grant funding to offset the increased cost of implementation of the underground storage tank compliance act of 2005 (Title XV, Subtitle B of the energy policy act of 2005). Annually, beginning on July 1, 2010, and upon a finding by the department that a fee increase is necessary, the previous tank fee amount may be increased ((~~up to the fiscal growth factor for the next year. The fiscal growth factor is calculated by the office of financial management under RCW 43.135.025 for the upcoming biennium. The department shall use the fiscal growth factor to calculate the fee for the next year and shall publish the new fee by March 1st before the year for which the new fee is effective. The new tank fee is effective from July 1st to June 30th of every year~~)) subject to section 5 of this act. The tank fee shall be paid by every person who:

(a) Owns an underground storage tank located in this state; and

(b) Was required to provide notification to the department under the federal act.

This fee is not required of persons who have (i) permanently closed their tanks, and (ii) if required, have completed corrective action in accordance with the rules adopted under this chapter.

(2) The department may authorize the imposition of additional annual local tank fees in environmentally sensitive areas designated under RCW 90.76.040. Annual local tank fees may not exceed fifty percent of the annual state tank fee.

(3) State and local tank fees collected under this section shall be deposited in the account established under RCW 90.76.100.

(4) Other than the annual local tank fee authorized for environmentally sensitive areas, no local government may levy an annual tank fee on the ownership or operation of an underground storage tank.

NEW SECTION. **Sec.**  (1) Upon the effective date of this section, all actions or combinations of actions by the state to increase state revenue measures over those in effect on December 31, 2017, must revert to those in effect on December 31, 2017, except for those under sections 9 and 10 of this act.

(2) The code reviser, in cooperation with the fiscal committees of the house of representatives and the senate, must develop a correction bill to reflect the changes required by subsection (1) of this section. The correction bill must be introduced during the legislative session immediately following the effective date of this section.

(3) Before the adoption of the correction bill required under this section, the governor may utilize any means provided by law to ensure that the expenditure of funds derived from state revenue collections does not exceed the state revenue collection limit.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 43.135.025 (General fund expenditure limit—Computation—Annual limit adjustment—Definitions—Emergency exception—State treasurer duty, penalty—State expenditure limit committee) and 2015 3rd sp.s. c 29 s 3, 2009 c 479 s 35, 2005 c 72 s 4, 2000 2nd sp.s. c 2 s 1, & 1994 c 2 s 2;

(2)RCW 43.135.0342 (Dedication of premium taxes under RCW 48.14.0201 or 48.14.020) and 2013 2nd sp.s. c 6 s 4;

(3)RCW 43.135.0343 (Liquefied natural gas sales tax revenue transfers) and 2014 c 216 s 407;

(4)RCW 43.135.0351 (Reinvesting in youth account transfers) and 2006 c 304 s 5;

(5)RCW 43.135.080 (Reenactment and reaffirmation of Initiative Measure No. 601—Continued limitations—Exceptions) and 1998 c 321 s 14; and

(6)RCW 43.135.904 (Effective dates—1994 c 2) and 1994 c 2 s 14.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  Sections 1 through 12 of this act are each added to chapter 43.135 RCW.

NEW SECTION. **Sec.**  This act takes effect July 1, 2018.

**--- END ---**