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**SENATE BILL 5316**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Senators Wilson, L., Rolfes, Braun, Brown, Dozier, Gildon, Rivers, Schoesler, Short, and Warnick

AN ACT Relating to oversight of state financial management; amending RCW 43.79.270 and 43.79.280; adding a new section to chapter 44.04 RCW; creating a new section; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature finds that by constitutional design Washington's legislature has since statehood been a citizen legislature comprising individuals who conduct the people's business and then return to Washington's diverse communities to resume their lives as private individuals. The constitutional design of a part-time citizen legislature relies on the effective delegation of state fiscal authority to the executive branch and effective executive branch implementation of its authority to make expenditures on behalf of the state, along with appropriate oversight of this delegation and implementation. Therefore, the legislature finds it necessary to clarify delegated powers to the executive branch to effectively manage the state's finances while the legislature is not in session and to provide oversight during the legislative interim. Specifically, the legislature finds the power delegated to the governor to accept and expend unanticipated revenues requires a defined oversight board to prevent infringement on the legislature's sole constitutional power to appropriate state funds. Therefore, the legislature intends to revise the powers and processes to manage the state's finances and creates a joint legislative committee to provide legislative input and oversight of executive branch spending activities while the legislature is not in session.

NEW SECTION. **Sec.**  A new section is added to chapter 44.04 RCW to read as follows:

(1) There is hereby created a joint select committee to be known as the joint legislative interim budget committee with the following eight members:

(a) The majority and minority leaders of the senate;

(b) The speaker and the minority leader of the house of representatives;

(c) Two additional members of the senate with one member from each of the two largest caucuses of the senate appointed by their respective leaders. These senators must be current members of the ways and means committee; and

(d) Two additional members of the house of representatives with one member from each of the major caucuses of the house of representatives appointed by their respective leaders. These representatives must be current members of the appropriations or capital budget committees.

(2) The cochairs of the committee are the leaders of the two largest caucuses of the senate in even-numbered years and the leaders of the two largest caucuses of the house of representatives in odd-numbered years.

(3) Staff support for the committee is provided by the senate committee services and the house of representatives office of program research.

(4) Members of the committee serve without additional compensation, but must be reimbursed for travel expenses in accordance with RCW 44.04.120. The expenses of the committee are paid jointly by the senate and the house of representatives and expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(5) The committee shall meet regularly, at least monthly, unless the needs of the committee dictate more or less frequent meetings. The committee may conduct its meetings by conference telephone call, video call, or similar communications equipment so that all persons participating in the meeting can hear each other at the same time. The committee shall adopt rules and procedures for its orderly operation. The activities of the committee are suspended during regular or special legislative sessions.

(6) The committee, during the interim between sessions of the legislature, exercise the following powers:

(a) Act on requests to spend any unanticipated revenues from the federal government or from other sources awarded or actually received pursuant to RCW 43.79.270;

(b) Study and review laws, rules, and issues related to the financial management of the state and make recommendations to the legislature; and

(c) Exercise powers and perform any other duties prescribed to it by law.

(7) The committee may require a requesting state agency, department, board, or commission to appear before the committee, submit additional information, or engage in other activities necessary for the committee to review and comment on requests.

(8) Action by the committee requires the affirmative vote of at least six members of the committee. Actions of the committee include approving or rejecting a request, in whole or in part. If the committee is unable to meet or vote on a request, the request is deemed rejected.

**Sec.**  RCW 43.79.270 and 2005 c 319 s 105 are each amended to read as follows:

(1) ((~~Whenever any~~)) (a) Except as provided in (b) of this subsection, whenever money in an amount less than five million dollars, from the federal government, or from other sources, which was not anticipated in the operating or capital budget approved by the legislature has been awarded or has actually been received ((~~and is designated to be spent for a specific purpose~~)) when the legislature is not in session, the head of any department, agency, board, or commission through which such expenditure shall be made is to submit to the governor a statement ((~~which may be~~)) in the form of a request for an allotment amendment setting forth the facts constituting the need for such expenditure and the estimated amount to be expended((~~: PROVIDED, That no expenditure shall be made in excess of the actual amount received, and no money shall be expended for any purpose except the specific purpose for which it was received~~)). The request must also include an explanation of why the availability of such moneys and why the necessity of their expenditure could not have been anticipated in time for such expenditures to have been approved as part of the operating or capital budget act for that particular fiscal year. The governor may reject or revise the request. A copy of any ((~~proposal submitted to the governor to expend money from an appropriated fund or account in excess of appropriations provided by law which is based on the receipt of unanticipated revenues shall~~)) request the governor desires to approve must be submitted to the joint legislative ((~~audit and review~~)) interim budget committee ((~~and also to the standing committees on ways and means of the house and senate if the legislature is in session at the same time as it is transmitted to the governor~~)). The committee must be provided ten calendar days to review and comment on the governor's request prior to approval under RCW 43.79.280.

(b) The process provided in subsection (2) of this section must be followed if acceptance of the unanticipated revenues of less than five million dollars would:

(i) Impose on the state any requirement to commit or expend new state funds for any program or purpose;

(ii) Impose new or additional maintenance of effort requirements on existing programs or sources of funding;

(iii) Fund a new activity, program, or service in or into the next ensuing biennium;

(iv) Require implementation of the spending by contract or agreement that would prevent the legislature from appropriating the revenue; or

(v) Allow the state discretion to use the funds for multiple programs or purposes within a single department, agency, board, or commission or to use the funds in multiple departments, agencies, boards, or commissions.

(2) ((~~Notwithstanding subsection (1) of this section, whenever~~)) (a) Whenever any money in the amount of five million dollars or more, from the federal government, or from other sources, which was not anticipated in the operating or capital budget approved by the legislature has been awarded or has actually been received when the legislature is not in session, the head of any department, agency, board, or commission through which such expenditures shall be made must submit a request to the governor in the form of a proposed allotment amendment setting forth the facts constituting the need for such expenditure and the estimated amount to be expended. The request must also include an explanation of the timing, source, and availability of such funds and why the need for expenditure could not have been anticipated in time for such expenditure to have been approved as part of the operating or capital budget act for that particular fiscal year.

(b) The governor may reject or revise the request. Any request the governor desires to approve under RCW 43.79.280 must be submitted to the joint legislative interim budget committee for its prior approval.

(3) Whenever money from any source that was not anticipated in the transportation budget approved by the legislature has been awarded or has actually been received when the legislature is not in session and is designated to be spent for a specific purpose, the head of a department, agency, board, or commission through which the expenditure must be made shall submit to the governor a statement, which may be in the form of a request for an allotment amendment, setting forth the facts constituting the need for the expenditure and the estimated amount to be expended. ((~~However, no expenditure may be made in excess of the actual amount received, and no money may be expended for any purpose except the specific purpose for which it was received.~~)) A copy of any proposal submitted to the governor to expend money from an appropriated transportation fund or account in excess of appropriations provided by law that is based on the receipt of unanticipated revenues must be submitted, at a minimum, to the standing committees on transportation of the house and senate at the same time as it is transmitted to the governor. The committees must be provided ten calendar days to review and comment on the request prior to approval under RCW 43.79.280.

(4) Expenditures authorized under this section may not be made in excess of the actual amount received, and no money may be expended for any purpose except the specific purpose for which it was received.

(5) If unanticipated moneys from nonstate sources could be used to save or replace general fund moneys to accomplish a budgeted program or purpose, then the governor must also submit with the request an alternative proposal to use the unanticipated moneys for the sole purpose of reducing general fund allotments and to place such moneys in unallotted reserve status. The joint legislative interim budget committee may approve the request submitted by the governor, in whole or in part, or the alternative proposal.

(6) The processes provided in this section must be followed to revise an approved request under RCW 43.79.280 to change the amount approved for expenditure or the purpose or use of the unanticipated moneys. For all other revisions to approved requests, the governor must notify the joint legislative interim budget committee of the proposed changes and provide ten calendar days to review and comment on the revision prior to its implementation.

(7) For purposes of this section, moneys have been awarded if the state has received a document from the federal government or other sources setting forth the terms and conditions of a grant, cooperative agreement, or other agreement to receive financial assistance.

**Sec.**  RCW 43.79.280 and 2009 c 549 s 5150 are each amended to read as follows:

(1) If the governor approves such estimate in whole or part, he or she shall endorse on each copy of the statement his or her approval, together with a statement of the amount approved in the form of an allotment amendment, and transmit one copy to the head of the department, agency, board, or commission authorizing the expenditure. An identical copy of the governor's statement of approval and a statement of the amount approved for expenditure shall be transmitted simultaneously to the joint legislative ((~~audit and review~~)) interim budget committee ((~~and also to the standing committee on ways and means of the house and senate of all executive approvals of proposals to expend money in excess of appropriations provided by law~~)).

(2) If the governor approves an estimate with transportation funding implications, in whole or part, he or she shall endorse on each copy of the statement his or her approval, together with a statement of the amount approved in the form of an allotment amendment, and transmit one copy to the head of the department, agency, board, or commission authorizing the expenditure. An identical copy of the governor's statement of approval of a proposal to expend transportation money in excess of appropriations provided by law and a statement of the amount approved for expenditure must be transmitted simultaneously to the standing committees on transportation of the house and senate.

(3) If the joint legislative interim budget committee has rejected a request, in whole or in part, made pursuant to RCW 43.79.270, then the governor may not approve it. If the committee has rejected the request, then the governor or the head of a department, agency, board, or commission is free to submit new requests to spend the unanticipated moneys.

(4) No further expenditures may be made pursuant to RCW 43.79.270 or this section once the legislature convenes for any regular or special session and any unexpended moneys from approved requests must be appropriated by law to be spent.

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

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