
SENATE BILL 5359

State of Washington

68th Legislature

2023 Regular Session

By Senators L. Wilson, Dozier, Fortunato, Short, Torres, and Wagoner

Read first time 01/13/23. Referred to Committee on Ways & Means.

1 AN ACT Relating to establishing a responsible state spending
2 limit with excess revenues dedicated to property tax relief; amending
3 RCW 84.55.010; adding new sections to chapter 43.135 RCW; and adding
4 a new section to chapter 82.33 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.135
7 RCW to read as follows:

8 CREATING A STATE EXPENDITURE LIMIT. (1) Beginning with the fiscal
9 year starting July 1, 2024, the state shall not expend from the
10 general fund and related funds during any fiscal year state moneys in
11 excess of the state expenditure limit established under this chapter.

12 (2) The state treasurer shall not issue or redeem any check,
13 warrant, or voucher that will result in a state general fund or
14 related funds expenditure for any fiscal year in excess of the state
15 expenditure limit established under this chapter. A violation of this
16 subsection constitutes a violation of RCW 43.88.290 and shall subject
17 the state treasurer to the penalties provided in RCW 43.88.300.

18 (3) The state expenditure limit for any fiscal year shall be the
19 previous fiscal year's state expenditure limit increased by a
20 percentage rate that equals the annual spending cap.

1 (4) For purposes of computing the state expenditure limit for the
2 fiscal year beginning July 1, 2024, the phrase "the previous fiscal
3 year's state expenditure limit" means the total state expenditures
4 from the state general fund and related funds for the fiscal year
5 beginning July 1, 2023, plus the annual spending cap.

6 (5) By December 1, 2023, and by each December 1st thereafter, the
7 economic and revenue forecast council shall calculate the annual
8 spending cap for each fiscal year of the current biennium and the
9 ensuing biennium.

10 (6) The definitions in this subsection apply throughout this
11 section and sections 2 and 3 of this act unless the context clearly
12 requires otherwise.

13 (a) "Annual median wage" means the median hourly wage,
14 unadjusted, for all industries except the federal government, as
15 determined by the state employment security department.

16 (b) "Annual spending cap" means the average of the sum of annual
17 median wage growth and population change for each of the prior 10
18 fiscal years.

19 (c) "Related funds" has the same meaning as provided in RCW
20 43.88.055(2)(c).

21 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135
22 RCW to read as follows:

23 ADDRESSING ACCOUNT SHIFTS. (1) If the cost of any state program
24 or function is shifted from the state general fund or related funds
25 to another source of funding, or if moneys are transferred from the
26 state general fund or related funds to another fund or account, the
27 legislature must lower the state expenditure limit to reflect the
28 shift. For the purposes of this section, a transfer of money from the
29 state general fund or related funds to another fund or account
30 includes any state legislative action taken that has the effect of
31 reducing revenues from a particular source, where such revenues would
32 otherwise be deposited into the state general fund or related funds,
33 while increasing the revenues from that particular source to another
34 state or local government account. This subsection does not apply to:

35 (a) The dedication or use of lottery revenues under RCW
36 67.70.240(1)(c), in support of education or education expenditures;
37 (b) a transfer of moneys to, or an expenditure from, the budget
38 stabilization account; or (c) a transfer of moneys to, or an

1 expenditure from, the connecting Washington account established in
2 RCW 46.68.395.

3 (2) If the cost of any state program or function and the ongoing
4 revenue necessary to fund the program or function are shifted to the
5 state general fund or related funds on or after January 1, 2024, the
6 state budget outlook work group must increase the state expenditure
7 limit to reflect the shift unless the shifted revenue had previously
8 been shifted from the general fund or related funds.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.33
10 RCW to read as follows:

11 DETERMINING PROPERTY TAX RELIEF. (1) By December 1, 2025, and by
12 each December 1st thereafter, the economic and revenue forecast
13 council shall calculate the amount of estimated revenues deposited in
14 the general fund and related funds in excess of the state expenditure
15 limit for the prior fiscal year.

16 (2) By December 31, 2025, and December 31st of each year
17 thereafter, the department must reduce the property tax rate imposed
18 by RCW 84.52.065 for property tax collections for the next succeeding
19 calendar year by the amount calculated in subsection (1) of this
20 section.

21 (3) The definitions in section 1(6) of this act apply to this
22 section, unless the context clearly requires otherwise.

23 **Sec. 4.** RCW 84.55.010 and 2021 c 207 s 10 are each amended to
24 read as follows:

25 (1) Except as provided in this chapter, the levy for a taxing
26 district in any year must be set so that the regular property taxes
27 payable in the following year do not exceed the limit factor
28 multiplied by the amount of regular property taxes lawfully levied
29 for such district in the highest of the three most recent years in
30 which such taxes were levied for such district, excluding any
31 increase due to (e) of this subsection, unless the highest levy was
32 the statutory maximum rate amount, plus an additional dollar amount
33 calculated by multiplying the regular property tax levy rate of that
34 district for the preceding year by the increase in assessed value in
35 that district resulting from:

36 (a) New construction;

37 (b) Increases in assessed value due to construction of wind
38 turbine, solar, biomass, and geothermal facilities, if such

1 facilities generate electricity and the property is not included
2 elsewhere under this section for purposes of providing an additional
3 dollar amount. The property may be classified as real or personal
4 property;

5 (c) Improvements to property;

6 (d) Any increase in the assessed value of state-assessed
7 property; and

8 (e) Any increase in the assessed value of real property, as that
9 term is defined in RCW 39.114.010, within an increment area as
10 designated by any local government in RCW 39.114.020 provided that
11 such increase is not included elsewhere under this section. This
12 subsection (1)(e) does not apply to levies by the state or by port
13 districts and public utility districts for the purpose of making
14 required payments of principal and interest on general indebtedness.

15 (2) The requirements of this section do not apply to:

16 (a) State property taxes levied under RCW 84.52.065(1) for
17 collection in calendar years 2019 through 2021; and

18 (b) State property taxes levied under RCW 84.52.065(2) for
19 collection in calendar years 2018 through 2021.

20 (3) For the purposes of determining the levy limit under this
21 section for a state property tax levy, the highest amount of regular
22 property taxes levied in the three most recent years must be
23 determined as if no reduction is made pursuant to section 3 of this
24 act.

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