
Appropriations Committee

HB 1090

Brief Description: Creating the budget stabilization account.

Sponsors: Representatives Hunter, McIntire, B. Sullivan, Linville, O'Brien, P. Sullivan, Morrell and Wallace; by request of Governor Gregoire.

Brief Summary of Bill
<ul style="list-style-type: none">Establishes a Budget Stabilization Account, into which 1 percent of general state revenues is deposited annually.

Hearing Date: 1/25/07

Staff: Kristen Fraser (786-7148).

Background:

Initiative 601, adopted by the voters in 1993, established by statute a state General Fund (GFS) expenditure limit and created the Emergency Reserve Fund. All GFS revenues in excess of the state expenditure limit are deposited in the Emergency Reserve Fund. (After July 1, 2007, GFS revenues in excess of GFS's proportionate share of expenditures from the GFS and related funds will be deposited in the Emergency Reserve Fund.) Appropriations from the Emergency Reserve Fund require a two-thirds vote of both houses of the Legislature.

I-601 established an expenditure limit that applies to the state General Fund, and, after July 1, 2007, also to certain related funds. Under the expenditure limit laws, the limit is lowered if moneys are transferred from the General Fund or a related fund to another fund or account, or if program costs are shifted from the General Fund or a related fund to another fund or account.

The term "general state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. General state revenues thus consist of all revenues to the state General Fund, with the exception of property tax revenues, which are dedicated to the common school system.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Budget Stabilization Account is established in the state treasury. Each fiscal year, 1 percent of general state revenues are deposited to the Budget Stabilization Account.

The Budget Stabilization Account is managed and invested by the State Investment Board. Net investment earnings are retained by the account. To the extent that the balance of the Budget Stabilization Account exceeds 10 percent of general state revenues, the excess balance is automatically deposited to the Education Construction Fund (which is statutorily dedicated to K-12 and higher education construction projects).

Employment forecasts and revenue estimates for the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

Transfers to, and expenditures from, the Budget Stabilization Account do not affect the state expenditure limit.

The Emergency Reserve Fund is abolished, and any moneys in it are transferred to the Budget Stabilization Account.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Section 1 takes effect immediately. The remainder of the bill takes effect if constitutional amendment HJR 4202 is approved by both houses of the Legislature and the voters at the November 2007 general election.