
Appropriations Committee

HB 1467

Brief Description: Creating a budget stabilization fund.

Sponsors: Representatives Anderson, Alexander, McDonald, Haler, Bailey, McCune, Chandler, Dunn, Rodne, Skinner, Warnick, Ross and Newhouse.

Brief Summary of Bill
<ul style="list-style-type: none">Establishes a Budget Stabilization Fund, into which 3 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 limit is adjusted each year based on the prior year's actual expenditures.

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.

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.

Summary of Bill:

The Budget Stabilization Fund (Fund) is established in the state treasury. Each fiscal year, 3 percent of general state revenues is deposited to the Budget Stabilization Fund.

The Fund is managed and invested by the State Investment Board. Net investment earnings are retained by the Fund. To the extent that the balance of the Fund exceeds 7 percent of general state revenues, the excess balance is automatically deposited to the Debt Retirement Fund, a new fund from which the Legislature may appropriate for debt service on state bonds.

Transfers to and expenditures from the Fund do not affect the state expenditure limit. In addition, appropriations made from the General Fund into the Budget Stabilization Fund do not count against the expenditure limit, but neither do they count as "expenditures" for purposes of rebasing the limit to actual expenditures.

The state Economic and Revenue Forecast Council will conduct the forecasts required by the bill and by HJR 4207. For purposes of HJR 4207, "inflation" is defined as measured by the Implicit Price Deflator.

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

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill takes effect if constitutional amendment HJR 4207 is ratified by the votes at the November 2007 general election.