
SENATE BILL 5691

State of Washington 60th Legislature 2007 Regular Session

By Senators Zarelli, Prentice and Roach

Read first time 01/29/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to the near general fund and requiring revenue
2 forecasts thereof; amending RCW 82.33.020 and 43.135.025; reenacting
3 and amending RCW 43.135.045; and providing an effective date.

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

5 **Sec. 1.** RCW 82.33.020 and 2005 c 319 s 137 are each amended to
6 read as follows:

7 (1) Four times each year the supervisor shall prepare, subject to
8 the approval of the economic and revenue forecast council under RCW
9 82.33.010:

10 (a) An official state economic and revenue forecast that includes
11 all near general fund revenues as defined in RCW 43.135.025;

12 (b) An unofficial state economic and revenue forecast based on
13 optimistic economic and revenue projections; and

14 (c) An unofficial state economic and revenue forecast based on
15 pessimistic economic and revenue projections.

16 (2) The supervisor shall submit forecasts prepared under this
17 section, along with any unofficial forecasts provided under RCW
18 82.33.010, to the governor and the members of the committees on ways
19 and means and the chairs of the committees on transportation of the

1 senate and house of representatives, including one copy to the staff of
2 each of the committees, on or before November 20th, February 20th in
3 the even-numbered years, March 20th in the odd-numbered years, June
4 20th, and September 20th. All forecasts shall include both estimated
5 receipts and estimated revenues in conformance with generally accepted
6 accounting principles as provided by RCW 43.88.037.

7 (3) All agencies of state government shall provide to the
8 supervisor immediate access to all information relating to economic and
9 revenue forecasts. Revenue collection information shall be available
10 to the supervisor the first business day following the conclusion of
11 each collection period.

12 (4) The economic and revenue forecast supervisor and staff shall
13 co-locate and share information, data, and files with the tax research
14 section of the department of revenue but shall not duplicate the duties
15 and functions of one another.

16 (5) As part of its forecasts under subsection (1) of this section,
17 the supervisor shall provide estimated revenue from tuition fees as
18 defined in RCW 28B.15.020.

19 **Sec. 2.** RCW 43.135.025 and 2005 c 72 s 4 are each amended to read
20 as follows:

21 (1) The state shall not expend from the near general fund (~~and~~
22 ~~related funds~~) during any fiscal year state moneys in excess of the
23 state expenditure limit established under this chapter.

24 (2) Except pursuant to a declaration of emergency under RCW
25 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),
26 the state treasurer shall not issue or redeem any check, warrant, or
27 voucher that will result in a state general fund or related fund
28 expenditure for any fiscal year in excess of the state expenditure
29 limit established under this chapter. A violation of this subsection
30 constitutes a violation of RCW 43.88.290 and shall subject the state
31 treasurer to the penalties provided in RCW 43.88.300.

32 (3) The state expenditure limit for any fiscal year shall be the
33 previous fiscal year's state expenditure limit increased by a
34 percentage rate that equals the fiscal growth factor.

35 (4) For purposes of computing the state expenditure limit for the
36 fiscal year beginning July 1, (~~2007~~) 2008, the phrase "the previous
37 fiscal year's state expenditure limit" means the total state

1 expenditures from the ((state)) near general fund ((and—related
2 funds)), not including federal funds, for the fiscal year beginning
3 July 1, ((2006)) 2007, plus the fiscal growth factor.

4 (5) A state expenditure limit committee is established for the
5 purpose of determining and adjusting the state expenditure limit as
6 provided in this chapter. The members of the state expenditure limit
7 committee are the director of financial management, the attorney
8 general or the attorney general's designee, and the chairs and ranking
9 minority members of the senate committee on ways and means and the
10 house of representatives committee on appropriations. All actions of
11 the state expenditure limit committee taken pursuant to this chapter
12 require an affirmative vote of at least four members.

13 (6) Each November, the state expenditure limit committee shall
14 adjust the expenditure limit for the preceding fiscal year based on
15 actual expenditures and known changes in the fiscal growth factor and
16 then project an expenditure limit for the next two fiscal years. If,
17 by November 30th, the state expenditure limit committee has not adopted
18 the expenditure limit adjustment and projected expenditure limit as
19 provided in subsection (5) of this section, the attorney general or his
20 or her designee shall adjust or project the expenditure limit, as
21 necessary.

22 (7) "Fiscal growth factor" means the average growth in state
23 personal income for the prior ten fiscal years.

24 (8) ((~~"General fund" means the state general fund.~~

25 ~~(9) "Related")~~ "Near general fund" means the state general fund,
26 health services account, violence reduction and drug enforcement
27 account, public safety and education account, water quality account,
28 ~~((or))~~ student achievement fund, education legacy trust account, and
29 pension funding stabilization account.

30 **Sec. 3.** RCW 43.135.045 and 2005 c 518 s 931, 2005 c 314 s 401, and
31 2005 c 72 s 6 are each reenacted and amended to read as follows:

32 (1) The emergency reserve fund is established in the state
33 treasury. During each fiscal year, the state treasurer shall transfer
34 an amount from the state general fund to the emergency reserve fund.
35 The amount transferred shall equal the amount by which total state
36 revenue for the near general fund ((and—related funds)) exceeds the
37 state expenditure limit, multiplied by the percentage that general fund

1 expenditures are of total expenditures from the near general fund (~~and~~
2 ~~related funds~~). Transfers shall be made at the end of each fiscal
3 quarter based on projections of state revenues, expenditures, and the
4 state expenditure limit. The treasurer shall make transfers between
5 these accounts as necessary to reconcile actual annual revenues and the
6 expenditure limit for fiscal year 2000 and thereafter.

7 (2) The legislature may appropriate moneys from the emergency
8 reserve fund only with approval of at least two-thirds of the members
9 of each house of the legislature, and then only if the appropriation
10 does not cause total expenditures to exceed the state expenditure limit
11 under this chapter.

12 (3) The emergency reserve fund balance shall not exceed five
13 percent of annual near general fund(~~—state~~) revenues as projected by
14 the official state revenue forecast. Any balance in excess of five
15 percent shall be transferred on a quarterly basis by the state
16 treasurer as follows: Seventy-five percent to the student achievement
17 fund hereby created in the state treasury and twenty-five percent to
18 the general fund balance. The treasurer shall make transfers between
19 these accounts as necessary to reconcile actual annual revenues for
20 fiscal year 2000 and thereafter. When per-student state funding for
21 the maintenance and operation of K-12 education meets a level of no
22 less than ninety percent of the national average of total funding from
23 all sources per student as determined by the most recent published data
24 from the national center for education statistics of the United States
25 department of education, as calculated by the office of financial
26 management, further deposits to the student achievement fund shall be
27 required only to the extent necessary to maintain the ninety-percent
28 level. Remaining funds are part of the general fund balance and these
29 funds are subject to the expenditure limits of this chapter.

30 (4) The education construction fund is hereby created in the state
31 treasury.

32 (a) Funds may be appropriated from the education construction fund
33 exclusively for common school construction or higher education
34 construction.

35 (b) Funds may be appropriated for any other purpose only if
36 approved by a two-thirds vote of each house of the legislature and if
37 approved by a vote of the people at the next general election. An
38 appropriation approved by the people under this subsection shall result

1 in an adjustment to the state expenditure limit only for the fiscal
2 period for which the appropriation is made and shall not affect any
3 subsequent fiscal period.

4 (5) Funds from the student achievement fund shall be appropriated
5 to the superintendent of public instruction strictly for distribution
6 to school districts to meet the provisions set out in the student
7 achievement act. Allocations shall be made on an equal per full-time
8 equivalent student basis to each school district.

9 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2008.

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