

HOUSE BILL REPORT

EHB 2286

As Passed House:
June 29, 2015

Title: An act relating to directing the treasurer to transfer budget stabilization account deposits that are attributable to extraordinary revenue growth in the 2013-2015, 2015-2017, and 2017-2019 fiscal biennia.

Brief Description: Directing the treasurer to transfer budget stabilization account deposits that are attributable to extraordinary revenue growth in the 2013-2015, 2015-2017, and 2017-2019 fiscal biennia.

Sponsors: Representative Hunter.

Brief History:

Committee Activity:

None.

Third Special Session

Floor Activity:

Passed House: 6/29/15, 89-9.

Brief Summary of Engrossed Bill

- Transfers into the State General Fund amounts deposited in the Budget Stabilization Account in the 2013-15 and 2017-19 fiscal biennia that are attributable to extraordinary revenue growth.
- Declares that the transfers do not alter the requirement to balance in the ensuing biennium under the four-year balanced budget process.

Staff: Kristen Fraser (786-7148).

Background:

In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the state constitution. Each year, the State Treasurer must deposit 1 percent of general state revenues (GSR) into the constitutionally

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created Budget Stabilization Account. The term GSR is defined in the constitution and is generally synonymous with the statutory State General Fund (GFS).

In general, appropriations from the BSA require a three-fifths majority in each house of the Legislature, but in the case of a catastrophic event or low employment growth, the Legislature may appropriate from the BSA with a constitutional majority vote of each house.

In 2011 the voters ratified an amendment to Article VII, section 12 that required further deposits into the BSA. In biennia in which the state experiences extraordinary revenue growth (ERG), an amount equivalent to three-quarters of the ERG must be transferred to the BSA. Extraordinary revenue growth is defined as the amount in which the percentage growth of GSR in that biennium exceeds by more than one-third the average percentage growth in GSR over the five previous biennia. Extraordinary revenue growth is transferred only to the extent that it exceeds the required 1 percent transfer, and ERG is not transferred in a biennium that follows a fiscal biennium in which employment growth averaged less than 1 percent per fiscal year.

Based on current projections, ERG deposits will be made in the BSA of \$32.0 million for the 2013-15 fiscal biennium, and of \$501.4 million for the 2017-19 fiscal biennium.

Under legislation that was enacted in 2012 and is often referred to as the budget Outlook, the operating budget must be balanced over four years. This means that the legislative budget for the current biennium must leave a positive ending fund balance in the GFS and related funds, and the projected maintenance level costs of that budget in the ensuing biennium must not exceed the estimated available fiscal resources for the ensuing biennium. However, the requirement to balance in the ensuing biennium does not apply in a fiscal biennium in which moneys are appropriated from the BSA.

Summary of Engrossed Bill:

During the 2013-15, 2015-17, and 2017-19 fiscal biennia, the State Treasurer must transfer from the BSA to the GFS the entire amounts of the BSA deposits for the respective biennia that are attributable to ERG. Maximum transfer amounts are specified for each biennium.

The transfers in this bill do not alter the requirement to balance the budget in the ensuing fiscal biennium.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.