

# HOUSE BILL REPORT

## ESHB 2988

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### As Passed Legislature

**Title:** An act relating to making expenditures from the budget stabilization account to make critical investments.

**Brief Description:** Making expenditures from the budget stabilization account.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representative Dunshee).

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 2/22/16, 2/23/16 [DPS].

##### **Floor Activity:**

Passed House: 3/29/16, 88-7.

Passed Senate: 3/29/16, 39-4.

Passed Legislature.

#### **Brief Summary of Engrossed Substitute Bill**

- Appropriates a total of \$189.5 million from the Budget Stabilization Account for fire suppression and mobilization.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Cody, Fitzgibbon, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Pettigrew, Robinson, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

**Minority Report:** Do not pass. Signed by 15 members: Representatives Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Condotta, Dent, Haler, Harris, MacEwen, Magendanz, Manweller, Schmick, Stokesbary, Taylor and Van Werven.

**Staff:** Kristen Fraser (786-7148).

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*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.*

## **Background:**

### Budget Stabilization Account.

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 created BSA. The term GSR is defined in the Constitution and is largely equivalent to the statutory State General Fund (GFS).

In general, appropriations from the BSA require a three-fifths majority in each chamber 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 chamber.

### Four-Year Balanced Budget

The four-year balanced budget requirement, sometimes referred to as the Outlook, contains two balance requirements. First, the operating budget must be balanced in the general fund and related funds in the current biennium. Second, the estimated maintenance level costs of that budget in the ensuing biennium may not exceed the fiscal resources estimated for the ensuing biennium. However, the requirement to balance in the ensuing biennium does not apply in a biennium in which appropriations are made from the Budget Stabilization Account.

### Fire Suppression and Mobilization.

The Department of Natural Resources (DNR) is the primary fire suppression agency for the State of Washington. The DNR has responsibility for protecting state and private forested land, lands that threaten forested lands during a wildfire, and nonforested lands under a protection agreement. The DNR fights wildfires in coordination with a number of state, federal, and local agencies, but in general the DNR is responsible for the costs of fire suppression on lands under DNR protection.

The Washington Department of Fish and Wildlife (WDFW) has a protection agreement with the DNR for nonforested WDFW lands. The WDFW pays the DNR for the DNR's fire suppression costs on lands protected under this agreement, and also pays local fire districts for fire suppression on WDFW lands.

The Legislature traditionally appropriates a base amount to cover fire suppression costs in the operating budgets of the DNR and the WDFW. When either agency's estimated final costs for fire suppression exceed the base amount for the fiscal year, the agency requests additional funding in a supplemental budget.

The Chief of the Washington State Patrol (WSP) has the authority to mobilize jurisdictions under the Washington State Fire Services Mobilization Plan. The purpose of the mobilization plan is to provide a mechanism to quickly notify, assemble, and deploy fire service personnel and equipment to any local fire jurisdiction in Washington that has expended or will expend all available local and mutual aid resources in attempting to manage fires, disasters, or other events that jeopardize a jurisdiction's ability to provide for the

protection of life and property. The State Fire Marshal within the WSP serves as the state fire resources coordinator when a state mobilization plan is mobilized.

**Summary of Engrossed Substitute Bill:**

Legislative findings are made that 2015 wildfires constituted a catastrophic event that resulted in a state of emergency.

A total of \$189.5 million is appropriated from the Budget Stabilization Account (BSA) for fiscal year 2016 for fire suppression and mobilization.

The sum of \$154.966 million is appropriated from the BSA to the Department of Natural Resources and \$155,000 is appropriated from the BSA to the Washington Department of Fish and Wildlife for those agencies' fire suppression costs in the 2015 fire season. The agencies may not retain any portion of the appropriations for their indirect or administrative costs.

The sum of \$34.365 million is appropriated from the BSA to the Washington State Patrol for fire service mobilization costs.

Appropriations in the act do not suspend the requirement to balance in the ensuing biennium under the four-year balanced budget laws.

**Appropriation:** The sum of \$154.966 million is appropriated from the BSA to the Department of Natural Resources and \$155,000 is appropriated from the BSA to the Washington Department of Fish and Wildlife for those agencies' fire suppression costs in the 2015 fire season.

The sum of \$34.365 million is appropriated from the BSA to the Washington State Patrol for fire service mobilization costs.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) The appropriation for homeless assistance is good for the thousands of people experiencing homelessness every night in our state. Homelessness is an emergency across the state. Homelessness impedes a student's ability to learn, prevents persons with chronic mental illness from accessing care, and causes long-term health impacts including death and chronic disease. Early results taken from the annual count show that in at least the three biggest counties in the state, there is a dramatic increase in unsheltered homelessness.

(Opposed) There is concern about the effect on the reserves of the additional transfers and spending in the budget. Reserves ended up equaling about 2 percent of appropriations for the current biennium and about 1 percent for 2017-19. With the slowing global economy and a much higher downside probability of growth in the months and years ahead, it is important to

protect the reserve. The State Treasurer has cautioned against similar uses of rainy day funds.

**Persons Testifying:** (In support) Michele Thomas, Washington Low Income Housing Alliance.

(Opposed) Eric Lohnes, Association of Washington Business.

**Persons Signed In To Testify But Not Testifying:** None.