
Appropriations Committee

HB 1025

Brief Description: Establishing priorities for enactment of appropriations and tax legislation.

Sponsors: Representatives Taylor, Manweller, Shea, McCaslin, Fortunato, Stokesbary, Smith, Holy, Condotta, Rodne, Short, Buys, Pike, Young, Hargrove, Hayes, Van Werven and Haler.

Brief Summary of Bill

- Establishes a process for enacting operating budget bills in priority order by subject area.
- Prohibits the Legislature from raising taxes until it has enacted appropriations for the maximum number of priority budget areas.
- Requires the Legislature to enact biennial operating, transportation, and appropriations legislation no later than 30 days before the beginning of the fiscal biennium.

Hearing Date: 2/24/17

Staff: Charlie Gavigan (786-7340).

Background:

Requirements for enacting appropriations and taxation legislation are found in the state constitution, state statute, and legislative rule.

Under the Washington Constitution (Constitution), tax revenues must be deposited in the State Treasury, and expenditure of revenues in the State Treasury requires an appropriation (authorization to spend) in law. This means that appropriations must be enacted as bills, so appropriations legislation is subject to state constitutional requirements that generally apply to enactment of bills, such as the title/subject rule, bicameralism, and presentment to the Governor. Similarly, the Constitution requires that taxes be authorized in law. The Constitution requires appropriations legislation to meet specificity requirements, but it does not otherwise establish

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any particular format for appropriations bills. The Legislature has traditionally enacted separate operating, capital, and transportation appropriations bills.

The constitutional appropriation requirement is also the basis for the biennial budget cycle on which the state operates. The Budget & Accounting Act (B&AA), which establishes a statutory framework for the executive budget process, states that a biennial budget must be adopted no later than 30 days before the beginning of the ensuing biennium.

The Constitution does not establish an express requirement for a balanced state budget. Legislation enacted in 2012 requires that the Legislature enact a balanced budget for the current biennium, and it also requires that projected costs of that budget in the next ensuing biennium be balanced against projected revenues in that ensuing biennium. The state Economic and Revenue Forecast Council (ERFC) determines compliance with the four-year balance requirement, which is also known as the budget outlook. In addition to adopting the budget outlook, the ERFC also adopts economic and revenue forecasts.

Processes for enactment of legislation, including budget and tax legislation, are also established by legislative rule. For example, House of Representatives rules prohibit a final passage vote on budget legislation until 24 hours after the bill is placed on the third reading calendar, and Senate rules require legislation that raises taxes to receive a two-thirds vote to advance to third reading.

Summary of Bill:

The Legislature must enact operating appropriations in separate, prioritized budget bills. The Legislature must assign agencies to one of the specified priority categories, and it may divide the activities of an agency among multiple categories. The priority order of the subject areas is:

- principal and interest on state debt;
- K-12 basic education;
- assessment and collection of state revenue;
- public safety;
- public health;
- public assistance;
- all other state purposes; and
- the legislature, the judiciary, and statewide elected officials in the executive branch.

Under the prioritized appropriations process, the respective budget bills must be enacted in the specified order. Before either body of the Legislature may take a final vote on legislation that raises state taxes, it must first enact the maximum number of prioritized appropriations bills with revenues projected for collection under current tax laws, pursuant to revenue forecasts of the ERFC. "Raises state taxes" means any action by the Legislature that imposes a new tax or increases an existing rate of taxation, including changes to tax preferences, where the action results in increases to state tax revenue deposited in any account appropriated in the operating budget.

In addition, the Legislature must enact biennial operating, capital, and transportation appropriations bills no later than 30 days before the beginning of the fiscal biennium for which the appropriations are made.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.