

SENATE BILL REPORT

SB 5293

As Reported by Senate Committee On:
Ways & Means, March 27, 2023

Title: An act relating to improving the fiscal process by updating accounts administered by the Office of Financial Management, creating new accounts including one for the opioid litigation settlement and one for the receipt of federal funds, and reenacting accounts created in the supplemental budget bill.

Brief Description: Improving the fiscal process by updating accounts administered by the Office of Financial Management, creating new accounts including one for the opioid litigation settlement and one for the receipt of federal funds, and reenacting accounts created in the supplemental budget bill.

Sponsors: Senators Rolfes, Robinson, Kuderer, Nobles and Van De Wege; by request of Office of Financial Management.

Brief History:

Committee Activity: Ways & Means: 1/19/23, 3/27/23 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Revises the existing Office of Financial Management Central Service Account, Personnel Service Fund, and Higher Education Personnel Services Account
- Creates a new GOV Central Service Account to fund the costs of the Office of Equity.
- Creates a new Opioid Abatement Settlement Account to receive funds all settlement moneys designated to state to abate the opioid epidemic.
- Creates a new State Hazard Mitigation Revolving Loan Account to receive federal funds from the Safeguarding Tomorrow through Ongoing Risk Mitigation Act.
- Reenacts two accounts created in the 2022 omnibus supplemental

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operating appropriation bill.

- Revises the dedicated uses of Community Reinvestment Account and Foundational Public Health Services Account.
- Allows transfers between the Public Employees' and Retirees' Insurance Account and the School Employees' Insurance Account.
- Allows school districts to balance a borrowing fund with an interfund loan for school fiscal year 2024.
- Changes date the for the state treasurer to deposit moneys from the Climate Investment Account into other accounts..

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5293 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler, Ranking Member, Capital.

Staff: Julie Murray (786-7711)

Background: In addition to the state general fund, which may be expended for any lawful purpose, the state maintains several hundred accounts dedicated to particular statutory purposes. These accounts generally fall into one of the three following categories:

- accounts located in the State Treasury, which require appropriation by the Legislature;
- accounts held in the custody of the State Treasurer, which may or may not require legislative appropriation; and
- accounts located in state agencies and institutions of higher education, known as local accounts, which may require approval by the Office of Financial Management (OFM).

Accounts are generally created in policy bills for the purpose of dedicating moneys in the account for the policy purposes of the bill. Accounts are also created in omnibus appropriation bills to dedicate funding for specific purposes and appropriations. Expenditures from dedicated accounts are limited to the purposes defined in law, and

therefore, legislative action is required to temporarily or permanently expand or further restrict the purposes of a dedicated account.

Summary of Bill (First Substitute): The OFM Central Service Account, Personnel Service Fund, and Higher Education Personnel Services Account are revised to reflect current practices.

The GOV Central Service Account is created to fund, consistent with the Governor's statewide cost allocation for federal funds, the costs of the Office of Equity.

The Opioid Abatement Settlement Account is created to receive funds from settlement moneys designated to abate the opioid epidemic . Moneys in the account may only be used for future opioid remediation, defined as expenditures designed, designed to address the use and abuse of opioid products; treat or mitigate opioid use or related disorders; or mitigate other alleged effects of, including those injured as a result of, the opioid epidemic.

The State Hazard Mitigation Revolving Loan Account is created to receive federal funds from the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act. Moneys in the account may only be used, consistent with federal law, to administer the STORM program, including loans to local and tribal governments. Eligible uses of funds include carrying out projects designed to mitigate the impact of natural hazards; zoning and land use planning changes focused on low-impact development and community resiliency; building code enforcement to protect building's users against disasters and natural hazards; and providing technical assistance.

The Community Reinvestment Account created in the 2022 omnibus supplemental operating appropriation bill is reenacted. Removes the Governor's Office of Indian Affairs from grant process and adds agriculture and economic support/services to historically marginalized communities to allowable uses of the account.

The Electric Vehicle Incentive Account created in the 2022 omnibus supplemental operating appropriation bill is reenacted.

Revises the Foundational Public Health Services Account to dedicate all moneys in the account for foundational public health services and removes set asides for tobacco, vapor product, nicotine control and prevention; substance abuse prevention; public health professionals training and LCB enforcement of vapor product sales to minors

Allows transfers between the Public Employees' and Retirees' Insurance Account and the School Employees' Insurance Account for short-term cash management and cash balance purposes. Allows school districts to balance a borrowing fund with an interfund loan for school fiscal year 2024 to address the aftermath of the COVID-19 pandemic. Any interfund loan must be repaid in two years. Changes the date from July 1, 2024 to July 1, 2023 for the state treasurer to deposit moneys in the Climate Investment Account into the Climate

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Revises the Community Reinvestment Account to expand the use to the account and remove the Governor's Office of Indian Affairs from grant process.
- Revises the Foundational Public Health Services Account to dedicate all moneys in the account for foundational public health services and removes set asides.
- Allows transfers between the Public Employees' and Retirees' Insurance Account and the School Employees' Insurance Account for short-term cash management and cash balance purposes.
- Allows school districts to balance a borrowing fund with an interfund loan for SFY 2024 to address the aftermath of the COVID-19 pandemic.
- Changes date from July 1, 2024 to July 1, 2023 for the state treasurer to deposit moneys in the Climate Investment Account into the Climate Commitment Account and the Natural Climate Solutions Account.

Appropriation: None.

Fiscal Note: Requested on January 13, 2023.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill intends to better align funding for OFM functions with a full range of supports and services agencies are receiving from OFM and the Office of the Governor. It addresses disconnect by striking language that applies those charges only for classified staff. This change would apply charges more fairly and appropriately across agencies, and charges would be adjusted accordingly based on appropriations. This bill will also create a new Governor's central service account as a revolving fund for the statewide policy and equity functions in the Office of Equity and the Office of the Governor. Section 6 creates a hazard mitigation revolving fund account that local governments and tribes can apply for loans from for hazard mitigation projects and activities.

Persons Testifying: PRO: K.D. Chapman-See, Office of Financial Management; Jamie Langford, Office of Financial Management; Jim Baumgart, Washington Military Department.

Persons Signed In To Testify But Not Testifying: No one.