

ESSB 5998 - H AMD TO H AMD (H-3714.1/26) **2115**

By Representative Connors

NOT ADOPTED 02/28/2026

1 On page 88, line 7, increase the general fund-state appropriation
2 in fiscal year 2027 by \$250,000

3

4 On page 88, line 20, correct the total.

5

6 On page 90, after line 32, insert the following:

7

8 "(15) \$250,000 of the general fund-state appropriation for
9 fiscal year 2027 is provided solely for the implementation of House
10 Bill No. 2746. If the bill is not enacted by June 30, 2026, the
11 amount provided in this subsection shall lapse."

12

13 On page 173, line 11, decrease the general fund-state
14 appropriation for fiscal year 2027 by \$70,976,000

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16 On page 174, line 3, correct the total.

17

18 On page 190, line 16, after "2026" strike all material through
19 "are" at the end of line 17 and insert "~~((and \$70,976,000 of the~~
20 ~~general fund-state appropriation for fiscal year 2027 are))~~ is"

21

22 On page 191, line 11, after "(e)" strike all material through
23 "(g)" at the beginning of line 17

24

25 On page 191, at the beginning of line 19, strike all material
26 through "capacity." on line 23

27

1 On page 203, line 36, decrease the general fund-state
2 appropriation for fiscal year 2027 by \$7,262,000

3
4 On page 204, line 20, correct the total.

5
6 On page 206, line 16, after "~~(\$147,449,000)~~" strike
7 "\$146,616,000" and insert "\$144,949,000"

8
9 Beginning on page 206, line 34, after "(b)" strike all material
10 through "(c)" on page 207, line 1.

11
12 On page 230, line 18, after "2026" strike all material through
13 "are" at the end of line 19 and insert "~~((and \$5,753,000 of the~~
14 ~~general fund-state appropriation for fiscal year 2027 are))~~ is"

15
16 On page 231, line 11, after "(e)" strike all material through
17 "(g)" at the beginning of line 17

18
19 On page 231, at the beginning of line 19, strike all material
20 through "capacity." on line 23

21
22 On page 440, line 34, decrease the general fund-state
23 appropriation for fiscal year 2027 by \$81,340,000

24
25 On page 441, line 6, correct the total.

26
27 On page 447, line 37, decrease the general fund-state
28 appropriation for fiscal year 2027 by \$19,607,000

29
30 On page 448, line 26, correct the total.

31
32 On page 461, line 7, decrease the general fund-state appropriation
33 for fiscal year 2027 by \$15,627,000

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1 On page 461, line 23, correct the total.

2

3 On page 466, line 15, decrease the general fund–state
4 appropriation for fiscal year 2027 by \$4,938,000

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6 On page 466, line 21, correct the total.

7

8 On page 468, line 21, decrease the general fund–state
9 appropriation for fiscal year 2027 by \$6,286,000

10

11 On page 468, line 30, correct the total.

12

13 On page 471, line 1, decrease the general fund–state appropriation
14 for fiscal year 2027 by \$5,664,000

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16 On page 471, line 9, correct the total.

17

18 On page 475, line 7, decrease the general fund–state appropriation
19 for fiscal year 2027 by \$814,000

20

21 On page 475, line 15, correct the total.

22

23 On page 507, after line 33, insert the following:

24

25 "NEW SECTION. **Sec. 729.** A new section is added to 2025 c 424
26 (uncodified) to read as follows: **MIDDLE MANAGEMENT REDUCTION**
27 General Fund–State Appropriation (FY 2027).....(\$120,000,000)
28 TOTAL APPROPRIATION.....(\$120,000,000)

29 The appropriation in this section is subject to the following
30 conditions and limitations: The office of financial management must
31 reduce allotments for executive branch state agencies, legislative
32 branch agencies, judicial branch agencies, and higher education
33 institutions by \$120,000,000 from the state general fund for fiscal
34 year 2027 to reflect middle management reductions.

1 (1) Agencies and institutions with fewer than 100 full-time
2 equivalent employees are excluded from the middle management
3 reduction.

4 (2) The middle management reduction for executive branch general
5 government agencies is intended to target a 10 percent reduction to
6 policy staff positions, a 10 percent reduction to management staff
7 positions, and a 15 percent reduction in consultant staff positions,
8 as identified in the management type coding used by the office of
9 financial management state human resources department.

10 (3) The middle management reduction for legislative branch
11 agencies, judicial branch agencies, and higher education
12 institutions that do not use the management type coding described in
13 subsection (2) is intended to target the same percentage reductions
14 described in (2) to the closest corollaries of the management types
15 described in subsection (2).

16

17 NEW SECTION. **Sec. 730.** FOR THE OFFICE OF FINANCIAL MANAGEMENT
18 CONTRIBUTIONS FOR STATE EMPLOYEE HEALTH INSURANCE

19	General Fund—State Appropriation (FY 2027)	(\$12,290,000)
20	General Fund—Federal Appropriation	(\$618,000)
21	General Fund—Private/Local Appropriation	(\$107,000)
22	Other Dedicated Funds Appropriation	(\$11,207,000)
23	TOTAL APPROPRIATION.	(\$24,222,000)

24 The appropriations in this section are subject to the following
25 conditions and limitations:

26 (1) The appropriations in this section are provided solely to
27 adjust agency and institution appropriations to reflect a \$16
28 reduction in the state employer funding rate for health insurance
29 during fiscal year 2027, and corresponding decreased employer health
30 insurance costs, consistent with the increasing the non-represented
31 employee share of health benefit costs from 15 percent to 20 percent,
32 effective January 1, 2027. Consistent with House Bill No.
33 (H-3695/26), this increased employee cost sharing is anticipated to
34

1 apply to all employees covered by the public employees' and school
2 employees' benefits board programs beginning July 1, 2027.

3 (2) To facilitate the transfer of moneys from dedicated funds and
4 accounts, the state treasurer shall transfer sufficient moneys from
5 each dedicated fund or account to the special insurance contribution
6 adjustment revolving account. The office of financial management shall
7 adjust allotments for all agencies to reflect these adjusted
8 appropriations."

9

10 On page 517, after line 10, insert the following:

11 "Climate Investment Account: For transfer to the
12 state general fund, \$384,000,000 for fiscal
13 year 2027.....\$384,000,000"

14

15 On page 535, after line 34, insert the following:

16

17 "NEW SECTION. Sec. 924. RCW 70A.65.250 and 2025 c 424 s 973 are
18 each amended to read as follows:

19 (1)(a) The climate investment account is created in the state
20 treasury. Except as otherwise provided in chapter 316, Laws of 2021,
21 all receipts from the auction of allowances authorized in this
22 chapter must be deposited into the account. Moneys in the account
23 may be spent only after appropriation.

24 (b) Projects or activities funded from the account must meet
25 high labor standards, including family sustaining wages, providing
26 benefits including health care and employer-contributed retirement
27 plans, career development opportunities, and maximize access to
28 economic benefits from such projects for local workers and diverse
29 businesses. Each contracting entity's proposal must be reviewed for
30 equity and opportunity improvement efforts, including: (i) Employer
31 paid sick leave programs; (ii) pay practices in relation to living
32 wage indicators such as the federal poverty level; (iii) efforts to
33 evaluate pay equity based on gender identity, race, and other
34 protected status under Washington law; (iv) facilitating career

1 development opportunities, such as apprenticeship programs,
2 internships, job-shadowing, and on-the-job training; and (v)
3 employment assistance and employment barriers for justice affected
4 individuals.

5 (2) Moneys in the account may be used only for projects and
6 programs that achieve the purposes of the greenhouse gas emissions
7 cap and invest program established under this chapter and for tribal
8 capacity grants under RCW 70A.65.305. During the 2023-2025 fiscal
9 biennium, moneys in the account may also be used for tribal capacity
10 grant activities supporting climate resilience and adaptation,
11 developing tribal clean energy projects, applying for state or
12 federal grant funding, and other related work; and for providing
13 payments to agricultural fuel purchasers. During the 2025-2027
14 fiscal biennium, moneys in the account may also be used for tribal
15 capacity grant activities supporting climate resilience and
16 adaptation, developing tribal clean energy projects, applying for
17 state or federal grant funding, and other related work. Moneys in
18 the account as described in this subsection must first be
19 appropriated for the administration of the requirements of this
20 chapter, in an amount not to exceed five percent of the total
21 receipt of funds from allowance auction proceeds under this chapter.
22 Beginning July 1, 2023, and annually thereafter, the state treasurer
23 shall distribute funds in the account that exceed the amounts
24 appropriated for the purposes of this subsection (2) as follows:

25 (a) Seventy-five percent of the moneys to the climate commitment
26 account created in RCW 70A.65.260; and

27 (b) Twenty-five percent of the moneys to the natural climate
28 solutions account created in RCW 70A.65.270.

29 (3) The allocations specified in subsection (2)(a) and (b) of
30 this section must be reviewed by the legislature on a biennial basis
31 based on the changing needs of the state in meeting its clean
32 economy and greenhouse gas reduction goals in a timely, economically
33 advantageous, and equitable manner.

34

1 (4) During the 2023-2025 and 2025-2027 fiscal biennia, the
2 legislature may direct the state treasurer to make transfers of
3 moneys in the climate investment account to the carbon emissions
4 reduction account, the climate commitment account, the state general
5 fund, and the natural climate solutions account."

6
7 Renumber the remaining sections consecutively and correct any
8 internal references accordingly.

EFFECT:

- Assumes implementation of legislation reducing the property tax (HB 2746) which reduces fiscal year 2027-2029 NGF-O (funds subject to the outlook) resources by \$2,154,000,000.
- **For the Department of Revenue.** Provides ongoing funding to the Department of Revenue for the implementation of House Bill No. 2746.
- **For the Health Care Authority--Medical Assistance.** Eliminates funding for the Health Care Authority, beginning July 1, 2026, for the Apple Health Expansion program that provides health care for Washington residents with incomes at or below 138 percent of the federal poverty level, regardless of immigration status.
- **For the Health Care Authority--Community Behavioral Health.** Removes funding in the Health Care Authority Community Behavioral Health program for treatment services to uninsured individuals who have an immigration status making them ineligible for federal Medicaid or federal subsidies through the health benefit exchange.
- **For the Institutions of Higher Education.** Decreases appropriations for institutions of higher education to reflect the ratio of nonexempt faculty to students as seen in fiscal year 2008.
- **Middle Management Reduction.** Requires the Office of Financial Management to reduce General Fund-State allotments to agencies and institutions to implement a reduction in management positions, including a 10 percent reduction to policy staff positions, 10 percent to management staff positions, and 15 percent to consultant staff positions. The ongoing reduction to middle management positions should be implemented to the closest types of positions at entities that describe their management personnel with other systems of management classification.
- **State Employee and School Health Insurance.** Reduces health benefit funding rate costs reflecting the enactment of House Bill No. 2746, which increases the share of health benefit

costs paid by non-represented state employees from 15 percent to 20 percent on January 1, 2027, and for all state employees and school district employees in the 2027-29 fiscal biennium.

- Transfers funds from the Climate Investment Account (CIA) to General Fund-State (GF-S). Amends the CIA statute to allow transfers to GF-S.

FISCAL IMPACT:

•**Department of Revenue**

Increases General Fund - State by \$200,000.

•**Health Care Authority--Medical Assistance**

Reduces General Fund - State by \$70,976,000.

•**Health Care Authority--Community Behavioral Health**

Reduces General Fund - State by \$7,262,000.

•**Institutions of Higher Education**

Reduces General Fund - State by \$134,276,000.

•**State Employees Compensation Adjustment**

Reduces General Fund - State by \$132,290,000.

Reduces General Fund - Federal by \$618,000.

Reduces General Fund - Local by \$107,000.

Reduces Other Funds by \$70,976,000.

•**Public Schools Compensation Adjustment**

No net change to appropriated levels.

Total Fiscal Impact:

Reduces General Fund - State by \$344,604,000.

Reduces General Fund - Federal by \$618,000.

Reduces General Fund - Local by \$107,000.

Reduces Other Funds by \$11,207,000.

FOUR-YEAR EXPENDITURE EFFECT:

Reduces General Fund - State by \$1,285,515,000.

In the 2027-2029 fiscal biennium, decreases NGF-O (funds subject to the outlook) resources by \$1,700,000,000.

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