

# SENATE BILL REPORT

## SB 5392

---

---

As of February 26, 2025

**Title:** An act relating to budget stabilization account transfers.

**Brief Description:** Concerning budget stabilization account transfers.

**Sponsors:** Senators Robinson and Nobles; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:** Ways & Means: 2/26/25.

**Brief Summary of Bill**

- Directs a transfer of \$1.6325 billion from the Budget Stabilization Account to the State General Fund by June 15, 2026, with the amount repaid into the Budget Stabilization Account in two increments in 2028 and 2029.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Samuel Brown (786-7470)

**Background:** In 2007, the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the Washington State Constitution. Funds must be transferred into the BSA each year equal to 1 percent of general state revenues. Under certain conditions, additional transfers are required.

Funds may be appropriated from the BSA only by a three-fifths vote of both houses unless: (1) the estimated employment growth in any fiscal year is less than 1 percent, or (2) for declared disasters, and then only limited to that disaster.

**Summary of Bill:** The state treasurer must make the following transfers:

- by June 15, 2026, \$1.6325 billion from the Budget Stabilization Account to the State

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

General Fund; and

- by June 30, 2028, and June 30, 2029, one transfer each of \$816.25 million from the State General Fund to the Budget Stabilization Account.

**Appropriation:** The bill contains an appropriation totaling \$1.6325 billion from the Budget Stabilization Account.

**Fiscal Note:** Requested on February 24, 2025.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** CON: The need for reserves is now, not in four years. Reserves are the key tool to defend Washington from the Trump Administration and potential unlawful withholding of federal funds. If a temporary restraining order had not been issued against previous withholding, we'd be out of funds by June of this year. Under the worst of conditions, we want to make sure the state is not issuing IOUs or convening a special session in response to a 4 a.m. tweet. There are only two states with reserves under 10 percent, it's important that we maintain strong reserves. Washington has a AAA credit rating—the budget situation would be much worse if it was lower. Yesterday, Congress passed a budget changing tax-exempt bonds—this would add \$1.5 to \$2 billion in obligations per year. Washington is the state most at risk for Medicaid exposure. Things are going to get much worse. We need reserves now to weather the next four years.

OTHER: This maneuver was assumed in Governor Inslee's budget request. Governor Ferguson has not yet announced his budget strategy.

**Persons Testifying:**

CON: Mike Pellicciotti, State Treasurer.

OTHER: Sheri Sawyer, OFM.

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