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**HOUSE BILL 1225**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Couture, Connors, and Low

Prefiled 01/09/25.

1 AN ACT Relating to reforming the Washington state budgeting  
2 process through requiring prioritized spending on essential state  
3 functions, placing limitations on state spending and revenue  
4 proposals, and requiring accountability for every dollar spent within  
5 the state budget; amending RCW 43.88.030 and 43.88.055; adding new  
6 sections to chapter 43.88 RCW; creating a new section; and declaring  
7 an emergency.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** The legislature recognizes that the  
10 exponential growth of state operating budgets is imprudent,  
11 unsustainable, and threatens the ability of the state to provide  
12 essential services to Washington citizens. While caseloads for  
13 essential programs have fallen and revenue collections have reached  
14 record levels, the pernicious trend of vastly growing budgets focused  
15 on nonessential luxury spending has led to one of the largest budget  
16 deficits in state history.

17 These exponential increases in state budgets have come with  
18 little benefit to the citizens of Washington state. Over the past  
19 decade, Washington state has experienced declining student test  
20 scores, fewer students attending postsecondary education, significant  
21 spikes in the number of unsheltered homeless individuals in our

1 communities, stagnant carbon emissions, skyrocketing violent crime  
2 rates, a worsening housing shortage, severe increases in the cost of  
3 housing, steep drops in business climate, and has become one of the  
4 least affordable states for working families in the nation. Despite  
5 the multitude of promises made about increased state spending to fix  
6 these crises, this legislature has unequivocally failed to deliver on  
7 these commitments.

8 Therefore, the legislature intends to reform the state budgeting  
9 process to require accountability for every taxpayer dollar spent,  
10 ensure that lawmakers prioritize spending on essential services prior  
11 to luxury spending items or tax increases, and place limitations on  
12 state spending to ensure fiscal discipline and responsibility.

13 **Sec. 2.** RCW 43.88.030 and 2023 c 474 s 8035 are each amended to  
14 read as follows:

15 (1) The director of financial management shall provide all  
16 agencies with a complete set of instructions for submitting biennial  
17 budget requests to the director at least three months before agency  
18 budget documents are due into the office of financial management. The  
19 budget document or documents shall consist of the governor's budget  
20 message which shall be explanatory of the budget and shall contain an  
21 outline of the proposed financial policies of the state for the  
22 ensuing fiscal period, as well as an outline of the proposed six-year  
23 financial policies where applicable, and shall describe in connection  
24 therewith the important features of the budget. The biennial budget  
25 document or documents shall also describe performance indicators that  
26 demonstrate measurable progress towards priority results. The message  
27 shall set forth the reasons for salient changes from the previous  
28 fiscal period in expenditure and revenue items and shall explain any  
29 major changes in financial policy. Attached to the budget message  
30 shall be such supporting schedules, exhibits and other explanatory  
31 material in respect to both current operations and capital  
32 improvements as the governor shall deem to be useful to the  
33 legislature. The budget document or documents shall set forth a  
34 proposal for expenditures in the ensuing fiscal period, or six-year  
35 period where applicable, based upon the estimated revenues and  
36 caseloads as approved by the economic and revenue forecast council  
37 and caseload forecast council or upon the estimated revenues and  
38 caseloads of the office of financial management for those funds,  
39 accounts, sources, and programs for which the forecast councils do

1 not prepare an official forecast. Revenues shall be estimated for  
2 such fiscal period from the source and at the rates existing by law  
3 at the time of submission of the budget document, including the  
4 supplemental budgets submitted in the even-numbered years of a  
5 biennium. However, the estimated revenues and caseloads for use in  
6 the governor's budget document may be adjusted to reflect budgetary  
7 revenue transfers and revenue and caseload estimates dependent upon  
8 budgetary assumptions of enrollments, workloads, and caseloads. All  
9 adjustments to the approved estimated revenues and caseloads must be  
10 set forth in the budget document. The governor may additionally  
11 submit, as an appendix to each supplemental, biennial, or six-year  
12 agency budget or to the budget document or documents, a proposal for  
13 expenditures in the ensuing fiscal period from revenue sources  
14 derived from proposed changes in existing statutes.

15 The budget document or documents shall also contain:

16 (a) Revenues classified by fund and source for the immediately  
17 past fiscal period, those received or anticipated for the current  
18 fiscal period, and those anticipated for the ensuing biennium;

19 (b) The undesignated fund balance or deficit, by fund;

20 (c) Such additional information dealing with expenditures,  
21 revenues, workload, performance, and personnel as the legislature may  
22 direct by law or concurrent resolution;

23 (d) Such additional information dealing with revenues and  
24 expenditures as the governor shall deem pertinent and useful to the  
25 legislature;

26 (e) Tabulations showing expenditures classified by fund,  
27 function, and agency;

28 (f) The expenditures that include nonbudgeted, nonappropriated  
29 accounts outside the state treasury;

30 (g) Identification of all proposed direct expenditures to  
31 implement the Puget Sound water quality plan under chapter 90.71 RCW,  
32 shown by agency and in total; and

33 (h) Tabulations showing each postretirement adjustment by  
34 retirement system established after fiscal year 1991, to include, but  
35 not be limited to, estimated total payments made to the end of the  
36 previous biennial period, estimated payments for the present  
37 biennium, and estimated payments for the ensuing biennium.

38 (2) The budget document or documents shall include detailed  
39 estimates of all anticipated revenues applicable to proposed  
40 operating or capital expenditures and shall also include all proposed

1 operating or capital expenditures. The total of beginning  
2 undesignated fund balance and estimated revenues less working capital  
3 and other reserves shall equal or exceed the total of proposed  
4 applicable expenditures. The budget document or documents shall  
5 further include:

6 (a) Interest, amortization and redemption charges on the state  
7 debt;

8 (b) Payments of all reliefs, judgments, and claims;

9 (c) Other statutory expenditures;

10 (d) Expenditures incident to the operation for each agency;

11 (e) Revenues derived from agency operations;

12 (f) Expenditures and revenues shall be given in comparative form  
13 showing those incurred or received for the immediately past fiscal  
14 period and those anticipated for the current biennium and next  
15 ensuing biennium;

16 (g) A showing and explanation of amounts of general fund and  
17 other funds obligations for debt service and any transfers of moneys  
18 that otherwise would have been available for appropriation;

19 (h) Common school expenditures on a fiscal-year basis;

20 (i) A showing, by agency, of the value and purpose of financing  
21 contracts for the lease/purchase or acquisition of personal or real  
22 property for the current and ensuing fiscal periods; and

23 (j) A showing and explanation of anticipated amounts of general  
24 fund and other funds required to amortize the unfunded actuarial  
25 accrued liability of the retirement system specified under chapter  
26 41.45 RCW, and the contributions to meet such amortization, stated in  
27 total dollars and as a level percentage of total compensation.

28 (3) The governor's operating budget document or documents shall  
29 reflect the statewide priorities as required by RCW 43.88.090.

30 (4) The governor's operating budget document or documents shall  
31 identify activities that are not addressing the statewide priorities.

32 (5) (a) Beginning in the 2021-2023 fiscal biennium, the governor's  
33 operating budget document or documents submitted to the legislature  
34 must leave, in total, a positive ending fund balance in the general  
35 fund and related funds.

36 (b) Beginning in the 2021-2023 fiscal biennium, the projected  
37 maintenance level of the governor's operating budget document or  
38 documents submitted to the legislature must not exceed the available  
39 fiscal resources for the next ensuing fiscal biennium.

40 (c) For purposes of this subsection:

1 (i) "Available fiscal resources" means the beginning general fund  
2 and related funds balances and any fiscal resources estimated for the  
3 general fund and related funds, adjusted for proposed revenue  
4 legislation, and with forecasted revenues (~~(adjusted)~~) pursuant to  
5 (~~(the greater of (A))~~) the official general fund and related funds  
6 revenue forecast for the ensuing biennium(~~(, or (B) the official~~  
7 ~~general fund and related funds forecast for the second fiscal year of~~  
8 ~~the current fiscal biennium, increased by 4.5 percent for each fiscal~~  
9 ~~year of the ensuing biennium)~~).

10 (ii) "Projected maintenance level" means estimated appropriations  
11 necessary to maintain the continuing costs of program and service  
12 levels either funded in the governor's budget document or documents  
13 submitted to the legislature or mandated by other state or federal  
14 law, adjusted by the estimated cost of proposed executive branch  
15 legislation, and the amount of any general fund moneys projected to  
16 be transferred to the budget stabilization account pursuant to  
17 Article VII, section 12 of the state Constitution. Proposed executive  
18 branch legislation does not include proposals by institutions of  
19 higher education, other separately elected officials, or other  
20 boards, commissions, and offices not under the authority of the  
21 governor that are not funded or assumed in the governor's budget  
22 document or documents submitted to the legislature.

23 (iii) "Related funds" has the meaning defined in RCW 43.88.055.

24 (d) (b) of this subsection (5) does not apply:

25 (i) To any governor-proposed legislation submitted to the  
26 legislature that makes net reductions in general fund and related  
27 funds appropriations to prevent the governor from making across-the-  
28 board reductions in allotments for these particular funds as provided  
29 in RCW 43.88.110(10); or

30 (ii) In a fiscal biennium for which the governor proposes  
31 appropriations from the budget stabilization account pursuant to  
32 Article VII, section 12(d)(ii) of the state Constitution.

33 (6) A separate capital budget document or schedule shall be  
34 submitted that will contain the following:

35 (a) A statement setting forth a long-range facilities plan for  
36 the state that identifies and includes the highest priority needs  
37 within affordable spending levels;

38 (b) A capital program consisting of proposed capital projects for  
39 the next biennium and the two biennia succeeding the next biennium  
40 consistent with the long-range facilities plan. Insomuch as is

1 practical, and recognizing emergent needs, the capital program shall  
2 reflect the priorities, projects, and spending levels proposed in  
3 previously submitted capital budget documents in order to provide a  
4 reliable long-range planning tool for the legislature and state  
5 agencies;

6 (c) A capital plan consisting of proposed capital spending for at  
7 least four biennia succeeding the next biennium;

8 (d) A strategic plan for reducing backlogs of maintenance and  
9 repair projects. The plan shall include a prioritized list of  
10 specific facility deficiencies and capital projects to address the  
11 deficiencies for each agency, cost estimates for each project, a  
12 schedule for completing projects over a reasonable period of time,  
13 and identification of normal maintenance activities to reduce future  
14 backlogs;

15 (e) A statement of the reason or purpose for a project;

16 (f) Verification that a project is consistent with the provisions  
17 set forth in chapter 36.70A RCW;

18 (g) A statement about the proposed site, size, and estimated life  
19 of the project, if applicable;

20 (h) Estimated total project cost;

21 (i) For major projects valued over five million dollars,  
22 estimated costs for the following project components: Acquisition,  
23 consultant services, construction, equipment, project management, and  
24 other costs included as part of the project. Project component costs  
25 shall be displayed in a standard format defined by the office of  
26 financial management to allow comparisons between projects;

27 (j) Estimated total project cost for each phase of the project as  
28 defined by the office of financial management;

29 (k) Estimated ensuing biennium costs;

30 (l) Estimated costs beyond the ensuing biennium;

31 (m) Estimated construction start and completion dates;

32 (n) Source and type of funds proposed;

33 (o) Estimated ongoing operating budget costs or savings resulting  
34 from the project, including staffing and maintenance costs;

35 (p) For any capital appropriation requested for a state agency  
36 for the acquisition of land or the capital improvement of land in  
37 which the primary purpose of the acquisition or improvement is  
38 recreation or wildlife habitat conservation, the capital budget  
39 document, or an omnibus list of recreation and habitat acquisitions  
40 provided with the governor's budget document, shall identify the

1 projected costs of operation and maintenance for at least the two  
2 biennia succeeding the next biennium. Omnibus lists of habitat and  
3 recreation land acquisitions shall include individual project cost  
4 estimates for operation and maintenance as well as a total for all  
5 state projects included in the list. The document shall identify the  
6 source of funds from which the operation and maintenance costs are  
7 proposed to be funded;

8 (q) For any capital budget request for funding in the 2023-2025  
9 or 2025-2027 fiscal biennia by an institution of higher education to  
10 address a cost increase for any major project, a statement describing  
11 the unexpected project costs, ways the agency has mitigated or will  
12 mitigate the estimated project costs, and identification of other  
13 funding that may be applied to the project. For purposes of this  
14 subsection (6) (q):

15 (i) "Cost increases" means total project costs estimated above  
16 those listed in the prior agency budget request and for which the  
17 legislature relied in making a funding decision for design or  
18 construction, adjusted for C-100 inflation factors; and

19 (ii) "Institution of higher education" has the meaning provided  
20 in RCW 28B.10.016;

21 (r) Such other information bearing upon capital projects as the  
22 governor deems to be useful;

23 (s) Standard terms, including a standard and uniform definition  
24 of normal maintenance, for all capital projects; and

25 (t) Such other information as the legislature may direct by law  
26 or concurrent resolution.

27 For purposes of this subsection (6), the term "capital project"  
28 shall be defined subsequent to the analysis, findings, and  
29 recommendations of a joint committee comprised of representatives  
30 from the house capital appropriations committee, senate ways and  
31 means committee, legislative evaluation and accountability program  
32 committee, and office of financial management.

33 (7) No change affecting the comparability of agency or program  
34 information relating to expenditures, revenues, workload, performance  
35 and personnel shall be made in the format of any budget document or  
36 report presented to the legislature under this section or RCW  
37 43.88.160(1) relative to the format of the budget document or report  
38 which was presented to the previous regular session of the  
39 legislature during an odd-numbered year without prior legislative  
40 concurrence. Prior legislative concurrence shall consist of (a) a

1 favorable majority vote on the proposal by the standing committees on  
2 ways and means of both houses if the legislature is in session or (b)  
3 a favorable majority vote on the proposal by members of the  
4 legislative evaluation and accountability program committee if the  
5 legislature is not in session.

6 **Sec. 3.** RCW 43.88.055 and 2021 c 199 s 103 are each amended to  
7 read as follows:

8 (1) The legislature must adopt a four-year balanced budget as  
9 follows:

10 (a) Beginning in the 2013-2015 fiscal biennium, the legislature  
11 shall enact a balanced omnibus operating appropriations bill that  
12 leaves, in total, a positive ending fund balance in the general fund  
13 and related funds.

14 (b) Beginning in the 2013-2015 fiscal biennium, the projected  
15 maintenance level of the omnibus appropriations bill enacted by the  
16 legislature shall not exceed the available fiscal resources for the  
17 next ensuing fiscal biennium.

18 (2) For purposes of this section:

19 (a) "Available fiscal resources" means the beginning general fund  
20 and related fund balances and any fiscal resources estimated for the  
21 general fund and related funds, adjusted for enacted legislation, and  
22 with forecasted revenues (~~(adjusted)~~) pursuant to (~~(the greater of~~  
23 ~~(i))~~) the official general fund and related funds revenue forecast  
24 for the ensuing biennium(~~(, or (ii) the official general fund and~~  
25 ~~related funds forecast for the second fiscal year of the current~~  
26 ~~fiscal biennium, increased by 4.5 percent for each fiscal year of the~~  
27 ~~ensuing biennium))~~);

28 (b) "Projected maintenance level" means estimated appropriations  
29 necessary to maintain the continuing costs of program and service  
30 levels either funded in that appropriations bill or mandated by other  
31 state or federal law, and the amount of any general fund moneys  
32 projected to be transferred to the budget stabilization account  
33 pursuant to Article VII, section 12 of the state Constitution;

34 (c) "Related funds," as used in this section, means the  
35 Washington opportunity pathways account, the workforce education  
36 investment account, the fair start for kids account, and the  
37 education legacy trust account.

38 (3) Subsection (1)(a) and (b) of this section does not apply to  
39 an appropriations bill that makes net reductions in general fund and

1 related funds appropriations and is enacted between July 1st and  
2 February 15th of any fiscal year.

3 (4) Subsection (1)(b) of this section does not apply in a fiscal  
4 biennium in which money is appropriated from the budget stabilization  
5 account pursuant to Article VII, section 12(d)(ii) of the state  
6 Constitution.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.88  
8 RCW to read as follows:

9 (1) As used in this section, unless the context clearly requires  
10 otherwise:

11 (a) "Agency activity" means major activities of state agencies  
12 pursuant to RCW 43.88.090 and described in the office of financial  
13 management's agency activity inventory for the appropriate biennium.

14 (b) "Program" means a service or a group of services designed to  
15 accomplish a specific public goal and result in specific public  
16 benefits except for those entitlement services listed in the  
17 definition of "caseload" under RCW 43.88C.010 (7) and (12). For the  
18 zero-based budget review under this section, a program is any  
19 distinguishable service or unit that makes up an agency activity. In  
20 most cases, an agency activity will encompass several programs,  
21 although in some cases the agency activity could be one program.

22 (c) "Zero-based budget review" means:

23 (i) Information and analysis regarding an agency's programs  
24 prepared by the agency as required by subsection (3) of this section  
25 that must be included as a separate document in an agency's biennial  
26 budget request under this chapter; and

27 (ii) Consideration of the information provided under (c)(i) of  
28 this subsection by the governor and the legislature during the budget  
29 development process.

30 (2) Beginning in 2026 and in each even-numbered year thereafter,  
31 the legislature must specify, in the omnibus operating appropriations  
32 act or in other legislation, programs for which agencies must perform  
33 a zero-based budget review under subsection (3) of this section. It  
34 is the intent of the legislature that 20 percent of all state  
35 programs be subject to a zero-based budget review each biennium, so  
36 that every program receives a zero-based budget review within a 10-  
37 year cycle. When selecting programs for review, the legislature may  
38 specify programs by functional area, such as education, health care,  
39 other human services, natural resources, and general government, or

1 may specify programs as prioritized by the legislature. When  
2 selecting programs for a zero-based budget review for a particular  
3 biennium, the legislature may broaden or narrow the definition of  
4 program for specific agencies.

5 (3) Beginning with biennial budget requests for the 2027-2029  
6 fiscal biennium and with each biennial budget request thereafter,  
7 agencies must submit zero-based budget reviews for the programs  
8 identified by the legislature for review that biennium under  
9 subsection (2) of this section. Information and analysis submitted by  
10 agencies for the zero-based review under this section shall include:

11 (a) A statement of the statutory basis or other basis for the  
12 creation of each program and the history of each program that is  
13 being reviewed;

14 (b) A description of how each program fits within the strategic  
15 plan and goals of the agency and an analysis of the quantified  
16 objectives of each program within the agency;

17 (c) Any available performance measures indicating the  
18 effectiveness and efficiency of each program;

19 (d) A description with supporting cost and staffing data of each  
20 program and the populations served by each program, and the level of  
21 funding and staff required to accomplish the goals of the program if  
22 different than the actual maintenance level;

23 (e) An analysis of the major costs and benefits of operating each  
24 program and the rationale for specific expenditure and staffing  
25 levels;

26 (f) An analysis estimating each program's administrative and  
27 other overhead costs;

28 (g) An analysis of the levels of services provided;

29 (h) Where applicable, an analysis estimating the amount of funds  
30 or benefits that actually reach the intended recipients; and

31 (i) Other information and analysis requested by the legislature  
32 in the legislation identifying the agency programs for review under  
33 subsection (2) of this section.

34 (4) (a) The governor and legislature shall consider the  
35 information and analysis provided by agencies under this section in  
36 the budget development process. The house of representatives  
37 appropriations committee and the senate ways and means committee  
38 shall hold at least one public hearing on the information and  
39 analysis submitted by agencies under the zero-based budget review.

1 (b) The information and analysis submitted by agencies under the  
2 zero-based budget review process must be filed electronically with  
3 the state's fiscal website managed by the legislative evaluation and  
4 accountability program committee.

5 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.88  
6 RCW to read as follows:

7 (1) The legislature must enact appropriations for state operating  
8 expenditures in separate, prioritized appropriations bills as  
9 required by this section.

10 (a) Operating appropriations must be enacted in separate bills  
11 for the following purposes:

12 (i) First: For payment of principal and interest on outstanding  
13 debt of the state.

14 (ii) Second: For basic public education of children in grades  
15 kindergarten through 12.

16 (iii) Third: For assessing and collecting state revenue.

17 (iv) Fourth: For public safety.

18 (v) Fifth: For public health.

19 (vi) Sixth: For public assistance programs.

20 (vii) Seventh: For all other state purposes.

21 (viii) Eighth: For the legislature, judiciary, and statewide  
22 elected officials in the executive branch.

23 (b) Operating appropriations bills must be enacted in the  
24 priority order established in (a) of this subsection. Before either  
25 house of the legislature may take a final vote on legislation that  
26 raises state taxes, it must first enact operating appropriations  
27 legislation that funds the maximum number of operating appropriations  
28 bills in priority order with revenues projected for collection under  
29 existing tax laws.

30 (c) To implement the requirements of this section, the  
31 legislature must assign agencies to one of the priority categories in  
32 (a) of this subsection. The legislature may divide the activities of  
33 an agency among multiple categories, but it is not required to do so.

34 (d) For purposes of this section, "raises state taxes" means any  
35 action by the legislature that imposes a new tax, expands a tax base,  
36 or increases an existing rate of taxation, including modifications to  
37 any tax preference, where such action increases state tax revenue  
38 deposited in any state account appropriated in state operating budget  
39 legislation.

1 (e) For purposes of this section, revenue projections are made by  
2 the economic and revenue forecast council as established in law, or  
3 its successor entity.

4 (2) The legislature must enact all biennial appropriations bills  
5 for operating, transportation, and capital purposes no later than 30  
6 days before the beginning of the fiscal biennium for which the  
7 appropriations are made.

8 NEW SECTION. **Sec. 6.** This act is necessary for the immediate  
9 preservation of the public peace, health, or safety, or support of  
10 the state government and its existing public institutions, and takes  
11 effect immediately.

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