
SUBSTITUTE HOUSE BILL 2747

State of Washington

69th Legislature

2026 Regular Session

By House Appropriations (originally sponsored by Representatives Ormsby, Gregerson, Berg, Macri, and Salahuddin)

READ FIRST TIME 03/06/26.

1 AN ACT Relating to budget sustainability; and amending RCW
2 43.88.030 and 43.88.055.

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

4 **Sec. 1.** RCW 43.88.030 and 2025 c 414 s 8034 are each amended to
5 read as follows:

6 (1) The director of financial management shall provide all
7 agencies with a complete set of instructions for submitting biennial
8 budget requests to the director at least three months before agency
9 budget documents are due into the office of financial management. The
10 budget document or documents shall consist of the governor's budget
11 message which shall be explanatory of the budget and shall contain an
12 outline of the proposed financial policies of the state for the
13 ensuing fiscal period, as well as an outline of the proposed six-year
14 financial policies where applicable, and shall describe in connection
15 therewith the important features of the budget. The biennial budget
16 document or documents shall also describe performance indicators that
17 demonstrate measurable progress towards priority results. The message
18 shall set forth the reasons for salient changes from the previous
19 fiscal period in expenditure and revenue items and shall explain any
20 major changes in financial policy. Attached to the budget message
21 shall be such supporting schedules, exhibits and other explanatory

1 material in respect to both current operations and capital
2 improvements as the governor shall deem to be useful to the
3 legislature. The budget document or documents shall set forth a
4 proposal for expenditures in the ensuing fiscal period, or six-year
5 period where applicable, based upon the estimated revenues and
6 caseloads as approved by the economic and revenue forecast council
7 and caseload forecast council or upon the estimated revenues and
8 caseloads of the office of financial management for those funds,
9 accounts, sources, and programs for which the forecast councils do
10 not prepare an official forecast. Revenues shall be estimated for
11 such fiscal period from the source and at the rates existing by law
12 at the time of submission of the budget document, including the
13 supplemental budgets submitted in the even-numbered years of a
14 biennium. However, the estimated revenues and caseloads for use in
15 the governor's budget document may be adjusted to reflect budgetary
16 revenue transfers and revenue and caseload estimates dependent upon
17 budgetary assumptions of enrollments, workloads, and caseloads. All
18 adjustments to the approved estimated revenues and caseloads must be
19 set forth in the budget document. The governor may additionally
20 submit, as an appendix to each supplemental, biennial, or six-year
21 agency budget or to the budget document or documents, a proposal for
22 expenditures in the ensuing fiscal period from revenue sources
23 derived from proposed changes in existing statutes.

24 The budget document or documents shall also contain:

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

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

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

32 (d) Such additional information dealing with revenues and
33 expenditures as the governor shall deem pertinent and useful to the
34 legislature;

35 (e) Tabulations showing expenditures classified by fund,
36 function, and agency;

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

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

4 (h) Tabulations showing each postretirement adjustment by
5 retirement system established after fiscal year 1991, to include, but
6 not be limited to, estimated total payments made to the end of the
7 previous biennial period, estimated payments for the present
8 biennium, and estimated payments for the ensuing biennium.

9 (2) The budget document or documents shall include detailed
10 estimates of all anticipated revenues applicable to proposed
11 operating or capital expenditures and shall also include all proposed
12 operating or capital expenditures. The total of beginning
13 undesignated fund balance and estimated revenues less working capital
14 and other reserves shall equal or exceed the total of proposed
15 applicable expenditures. The budget document or documents shall
16 further include:

17 (a) Interest, amortization and redemption charges on the state
18 debt;

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

20 (c) Other statutory expenditures;

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

22 (e) Revenues derived from agency operations;

23 (f) Expenditures and revenues shall be given in comparative form
24 showing those incurred or received for the immediately past fiscal
25 period and those anticipated for the current biennium and next
26 ensuing biennium;

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

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

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

34 (j) A showing and explanation of anticipated amounts of general
35 fund and other funds required to amortize the unfunded actuarial
36 accrued liability of the retirement system specified under chapter
37 41.45 RCW, and the contributions to meet such amortization, stated in
38 total dollars and as a level percentage of total compensation.

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

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

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

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

11 (c) For purposes of this subsection:

12 (i) "Available fiscal resources" means the beginning general fund
13 and related funds balances and any fiscal resources estimated for the
14 general fund and related funds, adjusted for proposed revenue
15 legislation, and with forecasted revenues adjusted to the greater of
16 (A) the official general fund and related funds revenue forecast for
17 the ensuing biennium, or (B) the official general fund and related
18 funds forecast for the second fiscal year of the current fiscal
19 biennium, increased by 4.5 percent for each fiscal year of the
20 ensuing biennium. For operating budgets proposed for the 2027-2029
21 and 2029-2031 fiscal biennia, "available fiscal resources" means the
22 beginning general fund and related funds balances and any fiscal
23 resources estimated for the general fund and related funds, adjusted
24 for proposed revenue legislation, and with forecasted revenues based
25 on the official general fund and related funds revenue forecast.

26 (ii) "Projected maintenance level" means estimated appropriations
27 necessary to maintain the continuing costs of program and service
28 levels either funded in the governor's budget document or documents
29 submitted to the legislature or mandated by other state or federal
30 law, adjusted by the estimated cost of proposed executive branch
31 legislation, and the amount of any general fund moneys projected to
32 be transferred to the budget stabilization account pursuant to
33 Article VII, section 12 of the state Constitution. Proposed executive
34 branch legislation does not include proposals by institutions of
35 higher education, other separately elected officials, or other
36 boards, commissions, and offices not under the authority of the
37 governor that are not funded or assumed in the governor's budget
38 document or documents submitted to the legislature.

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

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

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

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

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

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

14 (b) A capital program consisting of proposed capital projects for
15 the next biennium and the two biennia succeeding the next biennium
16 consistent with the long-range facilities plan. Inasmuch as is
17 practical, and recognizing emergent needs, the capital program shall
18 reflect the priorities, projects, and spending levels proposed in
19 previously submitted capital budget documents in order to provide a
20 reliable long-range planning tool for the legislature and state
21 agencies;

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

24 (d) A strategic plan for reducing backlogs of maintenance and
25 repair projects. The plan shall include a prioritized list of
26 specific facility deficiencies and capital projects to address the
27 deficiencies for each agency, cost estimates for each project, a
28 schedule for completing projects over a reasonable period of time,
29 and identification of normal maintenance activities to reduce future
30 backlogs;

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

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

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

36 (h) Estimated total project cost;

37 (i) For major projects valued over five million dollars,
38 estimated costs for the following project components: Acquisition,
39 consultant services, construction, equipment, project management, and
40 other costs included as part of the project. Project component costs

1 shall be displayed in a standard format defined by the office of
2 financial management to allow comparisons between projects;

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

5 (k) Estimated ensuing biennium costs;

6 (l) Estimated costs beyond the ensuing biennium;

7 (m) Estimated construction start and completion dates;

8 (n) Source and type of funds proposed;

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

11 (p) For any capital appropriation requested for a state agency
12 for the acquisition of land or the capital improvement of land in
13 which the primary purpose of the acquisition or improvement is
14 recreation or wildlife habitat conservation, the capital budget
15 document, or an omnibus list of recreation and habitat acquisitions
16 provided with the governor's budget document, shall identify the
17 projected costs of operation and maintenance for at least the two
18 biennia succeeding the next biennium. Omnibus lists of habitat and
19 recreation land acquisitions shall include individual project cost
20 estimates for operation and maintenance as well as a total for all
21 state projects included in the list. The document shall identify the
22 source of funds from which the operation and maintenance costs are
23 proposed to be funded;

24 (q) For any capital budget request for funding in the 2025-2027
25 or 2027-2029 fiscal biennia for which the project cost is
26 substantially increased, a statement detailing the amount and reason
27 for the additional cost. If the increased cost is the result of a
28 change in design, the agency must also submit a construction cost
29 estimate for the design as originally submitted. For purposes of this
30 subsection (6)(q), "substantially increased" means total estimated
31 project costs are more than 15 percent above those listed in the
32 prior agency budget request and for which the legislature relied in
33 making a funding decision for design or construction, adjusted for
34 C-100 inflation factors;

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

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

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

1 For purposes of this subsection (6), the term "capital project"
2 shall be defined subsequent to the analysis, findings, and
3 recommendations of a joint committee comprised of representatives
4 from the house capital appropriations committee, senate ways and
5 means committee, legislative evaluation and accountability program
6 committee, and office of financial management.

7 (7) No change affecting the comparability of agency or program
8 information relating to expenditures, revenues, workload, performance
9 and personnel shall be made in the format of any budget document or
10 report presented to the legislature under this section or RCW
11 43.88.160(1) relative to the format of the budget document or report
12 which was presented to the previous regular session of the
13 legislature during an odd-numbered year without prior legislative
14 concurrence. Prior legislative concurrence shall consist of (a) a
15 favorable majority vote on the proposal by the standing committees on
16 ways and means of both houses if the legislature is in session or (b)
17 a favorable majority vote on the proposal by members of the
18 legislative evaluation and accountability program committee if the
19 legislature is not in session.

20 **Sec. 2.** RCW 43.88.055 and 2021 c 199 s 103 are each amended to
21 read as follows:

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

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

28 (b) Beginning in the 2013-2015 fiscal biennium, the projected
29 maintenance level of the omnibus appropriations bill enacted by the
30 legislature shall not exceed the available fiscal resources for the
31 next ensuing fiscal biennium.

32 (2) For purposes of this section:

33 (a) "Available fiscal resources" means the beginning general fund
34 and related fund balances and any fiscal resources estimated for the
35 general fund and related funds, adjusted for enacted legislation, and
36 with forecasted revenues adjusted to the greater of (i) the official
37 general fund and related funds revenue forecast for the ensuing
38 biennium, or (ii) the official general fund and related funds
39 forecast for the second fiscal year of the current fiscal biennium,

1 increased by 4.5 percent for each fiscal year of the ensuing
2 biennium((†)). However, for operating budgets enacted by the
3 legislature for the 2027-2029 and 2029-2031 fiscal biennia,
4 "available fiscal resources" means the beginning general fund and
5 related funds balances and any fiscal resources estimated for the
6 general fund and related funds, adjusted for revenue legislation, and
7 with forecasted revenues based on the official general fund and
8 related funds revenue forecast.

9 (b) "Projected maintenance level" means estimated appropriations
10 necessary to maintain the continuing costs of program and service
11 levels either funded in that appropriations bill or mandated by other
12 state or federal law, and the amount of any general fund moneys
13 projected to be transferred to the budget stabilization account
14 pursuant to Article VII, section 12 of the state Constitution((†)).

15 (c) "Related funds," as used in this section, means the
16 Washington opportunity pathways account, the workforce education
17 investment account, the fair start for kids account, and the
18 education legacy trust account.

19 (3) Subsection (1)(a) and (b) of this section does not apply to
20 an appropriations bill that makes net reductions in general fund and
21 related funds appropriations and is enacted between July 1st and
22 February 15th of any fiscal year.

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

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