
SENATE BILL 5151

State of Washington

69th Legislature

2025 Regular Session

By Senator Gildon

Prefiled 01/07/25.

1 AN ACT Relating to limiting annual state spending growth to
2 median worker wage growth, with excess revenues dedicated to property
3 tax relief; amending RCW 84.55.010; adding new sections to chapter
4 43.135 RCW; and adding a new section to chapter 82.33 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.135
7 RCW to read as follows:

8 CREATING A STATE EXPENDITURE LIMIT. (1) Beginning with the fiscal
9 year starting July 1, 2026, the state may not expend from the general
10 fund and related funds during any fiscal year state moneys in excess
11 of the state expenditure limit established under this chapter.

12 (2) The state treasurer may not issue or redeem any check,
13 warrant, or voucher that results in a state general fund or related
14 funds expenditure for any fiscal year in excess of the state
15 expenditure limit established under this chapter. A violation of this
16 subsection constitutes a violation of RCW 43.88.290 and subjects the
17 state treasurer to the penalties provided in RCW 43.88.300.

18 (3) The state expenditure limit for any fiscal year is the
19 previous fiscal year's state expenditure limit increased by a
20 percentage rate that equals the annual spending growth cap.

1 (4) For purposes of computing the state expenditure limit for the
2 fiscal year beginning July 1, 2026, the phrase "the previous fiscal
3 year's state expenditure limit" means the total state expenditures
4 from the state general fund and related funds for the fiscal year
5 beginning July 1, 2025, plus the annual spending growth cap.

6 (5) By December 1, 2025, and by each December 1st thereafter, the
7 economic and revenue forecast council shall calculate the annual
8 spending growth cap for each fiscal year of the current biennium and
9 the ensuing biennium.

10 (6) The definitions in this subsection apply throughout this
11 section and sections 2 and 3 of this act unless the context clearly
12 requires otherwise.

13 (a) "Annual median wage" means the median hourly wage,
14 unadjusted, for all industries except the federal government, as
15 determined by the state employment security department.

16 (b) "Annual spending growth cap" means the average of the sum of
17 annual median wage growth for each of the prior 10 fiscal years.

18 (c) "Related funds" has the same meaning as provided in RCW
19 43.88.055(2)(c).

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135
21 RCW to read as follows:

22 ADDRESSING ACCOUNT SHIFTS. (1) If the cost of any state program
23 or function is shifted from the state general fund or related funds
24 to another source of funding, or if moneys are transferred from the
25 state general fund or related funds to another fund or account, the
26 legislature must lower the state expenditure limit to reflect the
27 shift. For the purposes of this section, a transfer of money from the
28 state general fund or related funds to another fund or account
29 includes any state legislative action taken that has the effect of
30 reducing revenues from a particular source, where such revenues would
31 otherwise be deposited into the state general fund or related funds,
32 while increasing the revenues from that particular source to another
33 state or local government account. This subsection does not apply to:

34 (a) The dedication or use of lottery revenues under RCW
35 67.70.240(1)(c), in support of education or education expenditures;

36 (b) a transfer of moneys to, or an expenditure from, the budget
37 stabilization account; or (c) a transfer of moneys to, or an
38 expenditure from, the connecting Washington account established in
39 RCW 46.68.395.

1 (2) If the cost of any state program or function and the ongoing
2 revenue necessary to fund the program or function are shifted to the
3 state general fund or related funds on or after January 1, 2026, the
4 state budget outlook work group must increase the state expenditure
5 limit to reflect the shift unless the shifted revenue had previously
6 been shifted from the general fund or related funds.

7 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.33
8 RCW to read as follows:

9 DETERMINING PROPERTY TAX RELIEF. (1) By December 1, 2027, and by
10 each December 1st thereafter, the economic and revenue forecast
11 council shall calculate the amount of estimated revenues deposited in
12 the general fund and related funds in excess of the state expenditure
13 limit for the prior fiscal year.

14 (2) By December 31, 2027, and December 31st of each year
15 thereafter, the department must reduce the property tax rate imposed
16 by RCW 84.52.065 for property tax collections for the next succeeding
17 calendar year by the amount calculated in subsection (1) of this
18 section.

19 (3) The definitions in section 1 of this act apply to this
20 section, unless the context clearly requires otherwise.

21 **Sec. 4.** RCW 84.55.010 and 2021 c 207 s 10 are each amended to
22 read as follows:

23 (1) Except as provided in this chapter, the levy for a taxing
24 district in any year must be set so that the regular property taxes
25 payable in the following year do not exceed the limit factor
26 multiplied by the amount of regular property taxes lawfully levied
27 for such district in the highest of the three most recent years in
28 which such taxes were levied for such district, excluding any
29 increase due to (e) of this subsection, unless the highest levy was
30 the statutory maximum rate amount, plus an additional dollar amount
31 calculated by multiplying the regular property tax levy rate of that
32 district for the preceding year by the increase in assessed value in
33 that district resulting from:

34 (a) New construction;

35 (b) Increases in assessed value due to construction of wind
36 turbine, solar, biomass, and geothermal facilities, if such
37 facilities generate electricity and the property is not included
38 elsewhere under this section for purposes of providing an additional

1 dollar amount. The property may be classified as real or personal
2 property;

3 (c) Improvements to property;

4 (d) Any increase in the assessed value of state-assessed
5 property; and

6 (e) Any increase in the assessed value of real property, as that
7 term is defined in RCW 39.114.010, within an increment area as
8 designated by any local government in RCW 39.114.020 provided that
9 such increase is not included elsewhere under this section. This
10 subsection (1)(e) does not apply to levies by the state or by port
11 districts and public utility districts for the purpose of making
12 required payments of principal and interest on general indebtedness.

13 (2) The requirements of this section do not apply to:

14 (a) State property taxes levied under RCW 84.52.065(1) for
15 collection in calendar years 2019 through 2021; and

16 (b) State property taxes levied under RCW 84.52.065(2) for
17 collection in calendar years 2018 through 2021.

18 (3) For the purposes of determining the levy limit under this
19 section for a state property tax levy, the highest amount of regular
20 property taxes levied in the three most recent years must be
21 determined as if no reduction is made pursuant to section 3 of this
22 act.

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