

FINAL BILL REPORT

ESHB 1787

C 394 L 95

Synopsis as Enacted

Brief Description: Restoring certain provisions deleted in 1993.

Sponsors: House Committee on Transportation (originally sponsored by Representatives K. Schmidt, R. Fisher, Johnson, Elliot, Buck, Blanton, Robertson, D. Schmidt, Mitchell, Skinner, Tokuda, Benton, Romero, Brown, Hankins, Cairnes, Hatfield, Scott, Quall, Backlund, Ogden, McMahan, Horn, Koster, Schoesler and Mielke).

House Committee on Transportation
Senate Committee on Transportation

Background: During the 1993 legislative session, the interest earned on transportation-related accounts was transferred from those accounts to the state general fund and spent on general government purposes. Only two accounts, the motor vehicle fund and the transportation fund, were permitted to keep their interest earnings.

The interest earnings were transferred to the state general fund because the state general fund was projecting a revenue shortfall for the 1993-95 biennium.

Under Initiative 601 (I-601), the general fund spending limit takes effect on July 1, 1995. The revenue projected for the state general fund is greater than the amount that can be spent during the 1995-97 biennium.

The I-601 spending limit applies only to general fund expenditures. The initiative does not restrict expenditures from the transportation-related accounts.

There are some accounts that contain gas tax revenues, which are restricted to use for highway purposes— under the 18th Amendment to the state constitution. The interest on these moneys, however, is being spent on general government purposes. It is not clear whether this use of 18th Amendment money for non-highway purposes is constitutional.

If the interest earnings are restored to the transportation-related accounts prior to July 1, 1995, the Office of Financial Management has ruled that the general fund spending limit does not need to be lowered.

Summary: Eighty percent of interest earnings on transportation-related accounts will remain in those accounts, rather than being transferred to the state general fund to be spent for general government purposes. This restores the law as it existed prior to the 1993 legislative session.

Votes on Final Passage:

House	97	0
Senate	48	0

Effective: June 1, 1995