

# SENATE BILL REPORT

## SB 6364

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As of January 19, 1998

**Title:** An act relating to deposits to the emergency reserve fund.

**Brief Description:** Making deposits into the emergency reserve fund.

**Sponsors:** Senators West, Benton, Strannigan, Finkbeiner, Rossi, Johnson, Hale, Oke and Swecker.

**Brief History:**

**Committee Activity:** Ways & Means: 1/14/98.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Steve Jones (786-7440)

**Background:** Initiative 601, enacted by the voters in 1993, establishes a state General Fund expenditure limit. State General Fund revenues that exceed the expenditure limit are deposited in the Emergency Reserve Fund. Deposits are made by the State Treasurer each fiscal quarter when state revenues are projected to exceed the expenditure limit. The initial deposit of \$56.4 million was made in October 1997, and a second deposit of \$40.4 million was made on January 14, 1998. Under current revenue projections and without additional legislative changes to the state's tax laws, an estimated total of \$194 million will be deposited to the Emergency Reserve Fund during the 1997-99 fiscal biennium.

Moneys in the Emergency Reserve Fund may be expended only with a two-thirds vote of each house of the Legislature and only if the appropriation does not cause total expenditures to exceed the state expenditure limit.

When deposits to the Emergency Reserve Fund equal 5 percent of biennial General Fund revenues, the excess funds are transferred to the Education Construction Fund, which is earmarked for common school and higher education construction.

**Summary of Bill:** The State Treasurer is directed to transfer an unspecified amount of state General Fund revenues to the Emergency Reserve Fund.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** A reserve fund is good business for the state. The Washington Roundtable recommends a reserve fund of approximately \$500 million that is in a protected account. A reserve fund protects state revenues in an economic downturn.

**Testimony Against:** None.

**Testified:** Greg Pierce, Washington Roundtable (pro); Paul W. Lock.