

SENATE BILL REPORT

SJR 8213

As of January 26, 1998

Brief Description: Requiring a two-thirds vote of each house of the legislature for certain revenue raising and spending actions.

Sponsors: Senators Zarelli, West, Rossi, Stevens, Anderson, Swecker, Oke, Schow and Benton.

Brief History:

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

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: Initiative 601, enacted by the voters in 1993, requires a two-thirds vote of each house of the Legislature for any action that raises state revenues. The initiative also 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.

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. Funds may be appropriated from the Education Construction Fund for other purposes only if approved by a two-thirds vote of each house of the Legislature and by a vote of the people at a general election.

Summary of Bill: The state Constitution is amended to include the provisions of Initiative 601 that establish and govern the Emergency Reserve Fund and the Education Construction Fund. In addition to the deposits made by the State Treasurer, the Legislature may direct other funds to be deposited in the Emergency Reserve Fund.

Initiative 601's requirement of a supermajority vote of the Legislature to raise revenue is incorporated in the state Constitution. This provision is clarified to apply only to state General Fund revenue and not to other dedicated funds and accounts. Any new funds or accounts funded directly from tax revenues may be established only if established by a two-thirds vote of each house of the Legislature.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Thirty days after the election at which it is approved.

Testimony For: This constitutional amendment will provide constitutional protection for important statutory provisions of Initiative 601. The initiative may be vulnerable in times of economic downturn. The Emergency Reserve Fund, with constitutional protections, will provide a secure savings accounts to provide for essential services in a recession. The two-thirds vote requirement will force bipartisan cooperation during emergencies. The Education Construction Fund provides extra benefits for school construction in the K-12 system.

Testimony Against: None.

Testified: Senator Joseph Zarelli, prime sponsor; Paul W. Locke.