

SENATE BILL REPORT

SB 6819

As Passed Senate, March 7, 2002

Title: An act relating to temporary amendments to the state's expenditure limitations to address the revenue shortfall in the 2001-2003 biennium.

Brief Description: Making temporary amendments to the state's expenditure limitations to address the revenue shortfall in the 2001-2003 biennium.

Sponsors: Senators Brown and Snyder; by request of Office of Financial Management.

Brief History:

Committee Activity: Ways & Means: 3/5/02, 3/6/02 [DP, DNP].

Passed Senate: 3/7/02, 26-23.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Poulsen, Rasmussen, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.

Signed by Senators Hewitt, Honeyford, Parlette, Roach, Rossi, Sheahan and Zarelli.

Staff: Steve Jones (786-7440)

Background: Initiative 601, enacted in 1993, established a state expenditure limit, an Emergency Reserve Fund, and restrictions on state fee and revenue increases.

Under the initiative, a two-thirds vote of the Legislature is required for any action of the Legislature that raises state revenue.

The initiative also established an Emergency Reserve Fund, which receives all state General Fund revenue in excess of the state expenditure limit. When the Emergency Reserve Fund reaches 5 percent of annual General Fund revenues, the excess amounts are deposited to the Student Achievement Fund (created by Initiative 728) and the General Fund. Appropriations from the Emergency Reserve Fund require a two-thirds vote of each house of the Legislature.

As of February 2002, the Emergency Reserve Fund contains \$384 million. Because Fiscal Year 2002 revenues (\$11.03 billion) are projected to be less than the FY 2002 state expenditure limit (\$11.25 billion), additional deposits to the Emergency Reserve Fund are not expected during the current fiscal year.

Summary of Bill: During the 2001-03 fiscal biennium, actions of the Legislature that raise state revenue may be taken by a majority vote of each house of the Legislature, but only if the action does not cause expenditures to exceed the state expenditure limit.

During the 2001-03 fiscal biennium, actions of the Legislature that transfer money from the Emergency Reserve Fund may be taken by a majority vote of each house of the Legislature, but only if the transfer does not cause expenditures to exceed the state expenditure limit.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.