

SENATE BILL REPORT

SB 6820

As of Third Reading, March 1, 2002

Title: An act relating to transfers from the emergency reserve fund.

Brief Description: Transferring emergency reserve funds.

Sponsors: Senators Snyder and Brown.

Brief History:

Committee Activity: Ways & Means: 2/25/02, 2/26/02 [DP, DNP].

Failed Senate: 3/1/02, 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, Rossi and Sheahan.

Staff: Steve Jones (786-7440)

Background: The Emergency Reserve Fund and the state General Fund expenditure limit were established by Initiative 601, which was enacted by the voters in 1993. The Emergency Reserve Fund 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.

The state revenue forecast adopted by the Economic and Revenue Forecast Council on February 19, 2002, indicates that state General Fund revenues for the 2001-'03 biennium will be \$246.8 million lower than previously forecasted.

Summary of Bill: The state Treasurer is directed to transfer \$246.8 million from the Emergency Reserve Fund to the state General Fund.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.