

---

**SUBSTITUTE HOUSE BILL 2648**

---

**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives Murray, Esser, Reardon and McIntire)

Read first time 02/12/2002. Referred to Committee on .

1 AN ACT Relating to the office of financial management; amending RCW  
2 43.88.030; adding a new section to chapter 43.88 RCW; and adding a new  
3 section to chapter 43.88A RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.88 RCW  
6 to read as follows:

7 (1) The office of financial management must include in its capital  
8 budget instructions, beginning with its instructions for the 2003-05  
9 capital budget, a request for "yes" or "no" answers for the following  
10 additional informational questions from capital budget applicants for  
11 all proposed major capital construction projects valued over five  
12 million dollars and required to complete a predesign:

13 (a) For proposed capital projects identified in this subsection  
14 that are located in or serving city or county planning under RCW  
15 36.70A.040:

16 (i) Whether the proposed capital project is identified in the host  
17 city or county comprehensive plan, including the capital facility plan,  
18 and implementing rules adopted under chapter 36.70A RCW;

1 (ii) Whether the proposed capital project is located within an  
2 adopted urban growth area:

3 (A) If at all located within an adopted urban growth area boundary,  
4 whether a project facilitates, accommodates, or attracts planned  
5 population and employment growth;

6 (B) If at all located outside an urban growth area boundary,  
7 whether the proposed capital project may create pressures for  
8 additional development;

9 (b) For proposed capital projects identified in this subsection  
10 that are requesting state funding:

11 (i) Whether there was regional coordination during project  
12 development;

13 (ii) Whether local and additional funds were leveraged;

14 (iii) Whether environmental outcomes and the reduction of adverse  
15 environmental impacts were examined.

16 (2) For projects subject to subsection (1) of this section, the  
17 office of financial management shall request the required information  
18 be provided during the predesign process of major capital construction  
19 projects to reduce long-term costs and increase process efficiency.

20 (3) The office of financial management, in fulfilling its duties  
21 under RCW 43.88.030(3) to create a capital budget document, must take  
22 into account information gathered under subsections (1) and (2) of this  
23 section in an effort to promote state capital facility expenditures  
24 that minimize unplanned or uncoordinated infrastructure and development  
25 costs, support economic and quality of life benefits for existing  
26 communities, and support local government planning efforts.

27 (4) The office of community development must provide staff support  
28 to the office of financial management and affected capital budget  
29 applicants to help collect data required by subsections (1) and (2) of  
30 this section.

31 **Sec. 2.** RCW 43.88.030 and 2000 2nd sp.s. c 4 s 12 are each amended  
32 to read as follows:

33 (1) The director of financial management shall provide all agencies  
34 with a complete set of instructions for submitting biennial budget  
35 requests to the director at least three months before agency budget  
36 documents are due into the office of financial management. The  
37 director shall provide agencies and committees that are required under  
38 RCW 44.40.070 to develop comprehensive six-year program and financial

1 plans with a complete set of instructions for submitting these program  
2 and financial plans at the same time that instructions for submitting  
3 other budget requests are provided. The budget document or documents  
4 shall consist of the governor's budget message which shall be  
5 explanatory of the budget and shall contain an outline of the proposed  
6 financial policies of the state for the ensuing fiscal period, as well  
7 as an outline of the proposed six-year financial policies where  
8 applicable, and shall describe in connection therewith the important  
9 features of the budget. The message shall set forth the reasons for  
10 salient changes from the previous fiscal period in expenditure and  
11 revenue items and shall explain any major changes in financial policy.  
12 Attached to the budget message shall be such supporting schedules,  
13 exhibits and other explanatory material in respect to both current  
14 operations and capital improvements as the governor shall deem to be  
15 useful to the legislature. The budget document or documents shall set  
16 forth a proposal for expenditures in the ensuing fiscal period, or six-  
17 year period where applicable, based upon the estimated revenues and  
18 caseloads as approved by the economic and revenue forecast council and  
19 caseload forecast council or upon the estimated revenues and caseloads  
20 of the office of financial management for those funds, accounts,  
21 sources, and programs for which the forecast councils do not prepare an  
22 official forecast, including those revenues anticipated to support the  
23 six-year programs and financial plans under RCW 44.40.070. In  
24 estimating revenues to support financial plans under RCW 44.40.070, the  
25 office of financial management shall rely on information and advice  
26 from the transportation revenue forecast council. Revenues shall be  
27 estimated for such fiscal period from the source and at the rates  
28 existing by law at the time of submission of the budget document,  
29 including the supplemental budgets submitted in the even-numbered years  
30 of a biennium. However, the estimated revenues and caseloads for use  
31 in the governor's budget document may be adjusted to reflect budgetary  
32 revenue transfers and revenue and caseload estimates dependent upon  
33 budgetary assumptions of enrollments, workloads, and caseloads. All  
34 adjustments to the approved estimated revenues and caseloads must be  
35 set forth in the budget document. The governor may additionally  
36 submit, as an appendix to each supplemental, biennial, or six-year  
37 agency budget or to the budget document or documents, a proposal for  
38 expenditures in the ensuing fiscal period from revenue sources derived  
39 from proposed changes in existing statutes.

1 Supplemental and biennial documents shall reflect a six-year  
2 expenditure plan consistent with estimated revenues from existing  
3 sources and at existing rates for those agencies required to submit  
4 six-year program and financial plans under RCW 44.40.070. Any  
5 additional revenue resulting from proposed changes to existing statutes  
6 shall be separately identified within the document as well as related  
7 expenditures for the six-year period.

8 The budget document or documents shall also contain:

9 (a) Revenues classified by fund and source for the immediately past  
10 fiscal period, those received or anticipated for the current fiscal  
11 period, those anticipated for the ensuing biennium, and those  
12 anticipated for the ensuing six-year period to support the six-year  
13 programs and financial plans required under RCW 44.40.070;

14 (b) The undesignated fund balance or deficit, by fund;

15 (c) Such additional information dealing with expenditures,  
16 revenues, workload, performance, and personnel as the legislature may  
17 direct by law or concurrent resolution;

18 (d) Such additional information dealing with revenues and  
19 expenditures as the governor shall deem pertinent and useful to the  
20 legislature;

21 (e) Tabulations showing expenditures classified by fund, function,  
22 activity, and agency;

23 (f) A delineation of each agency's activities, including those  
24 activities funded from nonbudgeted, nonappropriated sources, including  
25 funds maintained outside the state treasury;

26 (g) Identification of all proposed direct expenditures to implement  
27 the Puget Sound water quality plan under chapter 90.71 RCW, shown by  
28 agency and in total; and

29 (h) Tabulations showing each postretirement adjustment by  
30 retirement system established after fiscal year 1991, to include, but  
31 not be limited to, estimated total payments made to the end of the  
32 previous biennial period, estimated payments for the present biennium,  
33 and estimated payments for the ensuing biennium.

34 (2) The budget document or documents shall include detailed  
35 estimates of all anticipated revenues applicable to proposed operating  
36 or capital expenditures and shall also include all proposed operating  
37 or capital expenditures. The total of beginning undesignated fund  
38 balance and estimated revenues less working capital and other reserves

1 shall equal or exceed the total of proposed applicable expenditures.

2 The budget document or documents shall further include:

3 (a) Interest, amortization and redemption charges on the state  
4 debt;

5 (b) Payments of all reliefs, judgments, and claims;

6 (c) Other statutory expenditures;

7 (d) Expenditures incident to the operation for each agency;

8 (e) Revenues derived from agency operations;

9 (f) Expenditures and revenues shall be given in comparative form  
10 showing those incurred or received for the immediately past fiscal  
11 period and those anticipated for the current biennium and next ensuing  
12 biennium, as well as those required to support the six-year programs  
13 and financial plans required under RCW 44.40.070;

14 (g) A showing and explanation of amounts of general fund and other  
15 funds obligations for debt service and any transfers of moneys that  
16 otherwise would have been available for appropriation;

17 (h) Common school expenditures on a fiscal-year basis;

18 (i) A showing, by agency, of the value and purpose of financing  
19 contracts for the lease/purchase or acquisition of personal or real  
20 property for the current and ensuing fiscal periods; and

21 (j) A showing and explanation of anticipated amounts of general  
22 fund and other funds required to amortize the unfunded actuarial  
23 accrued liability of the retirement system specified under chapter  
24 41.45 RCW, and the contributions to meet such amortization, stated in  
25 total dollars and as a level percentage of total compensation.

26 (3) A separate capital budget document or schedule shall be  
27 submitted that will contain the following:

28 (a) A statement setting forth a long-range facilities plan for the  
29 state that identifies and includes the highest priority needs within  
30 affordable spending levels;

31 (b) A capital program consisting of proposed capital projects for  
32 the next biennium and the two biennia succeeding the next biennium  
33 consistent with the long-range facilities plan. Inasmuch as is  
34 practical, and recognizing emergent needs, the capital program shall  
35 reflect the priorities, projects, and spending levels proposed in  
36 previously submitted capital budget documents in order to provide a  
37 reliable long-range planning tool for the legislature and state  
38 agencies;

- 1 (c) A capital plan consisting of proposed capital spending for at  
2 least four biennia succeeding the next biennium;
- 3 (d) A strategic plan for reducing backlogs of maintenance and  
4 repair projects. The plan shall include a prioritized list of specific  
5 facility deficiencies and capital projects to address the deficiencies  
6 for each agency, cost estimates for each project, a schedule for  
7 completing projects over a reasonable period of time, and  
8 identification of normal maintenance activities to reduce future  
9 backlogs;
- 10 (e) A statement of the reason or purpose for a project;
- 11 (f) Verification that a project is consistent with the provisions  
12 set forth in chapter 36.70A RCW;
- 13 (g) A statement about the proposed site, size, and estimated life  
14 of the project, if applicable;
- 15 (h) Estimated total project cost, including the cost of the raw  
16 land, any in lieu of real property taxes, and the cost of development;
- 17 (i) For major projects valued over five million dollars, estimated  
18 costs for the following project components: Acquisition, consultant  
19 services, construction, equipment, project management, and other costs  
20 included as part of the project. Project component costs shall be  
21 displayed in a standard format defined by the office of financial  
22 management to allow comparisons between projects;
- 23 (j) Estimated total project cost for each phase of the project as  
24 defined by the office of financial management;
- 25 (k) Estimated ensuing biennium costs;
- 26 (l) Estimated costs beyond the ensuing biennium;
- 27 (m) Estimated construction start and completion dates;
- 28 (n) Source and type of funds proposed;
- 29 (o) Estimated ongoing operating budget costs or savings resulting  
30 from the project, including staffing and maintenance costs;
- 31 (p) For any capital appropriation requested for a state agency for  
32 the acquisition of land or the capital improvement of land in which the  
33 primary purpose of the acquisition or improvement is recreation or  
34 wildlife habitat conservation, the capital budget document, or an  
35 omnibus list of recreation and habitat acquisitions provided with the  
36 governor's budget document, shall identify the projected costs of  
37 operation and maintenance for at least the two biennia succeeding the  
38 next biennium. Omnibus lists of habitat and recreation land  
39 acquisitions shall include individual project cost estimates for

1 operation and maintenance as well as a total for all state projects  
2 included in the list. The document shall identify the source of funds  
3 from which the operation and maintenance costs are proposed to be  
4 funded;

5 (q) Such other information bearing upon capital projects as the  
6 governor deems to be useful;

7 (r) Standard terms, including a standard and uniform definition of  
8 normal maintenance, for all capital projects;

9 (s) Such other information as the legislature may direct by law or  
10 concurrent resolution.

11 For purposes of this subsection (3), the term "capital project"  
12 shall be defined subsequent to the analysis, findings, and  
13 recommendations of a joint committee comprised of representatives from  
14 the house capital appropriations committee, senate ways and means  
15 committee, legislative transportation committee, legislative evaluation  
16 and accountability program committee, and office of financial  
17 management.

18 (4) No change affecting the comparability of agency or program  
19 information relating to expenditures, revenues, workload, performance  
20 and personnel shall be made in the format of any budget document or  
21 report presented to the legislature under this section or RCW  
22 43.88.160(1) relative to the format of the budget document or report  
23 which was presented to the previous regular session of the legislature  
24 during an odd-numbered year without prior legislative concurrence.  
25 Prior legislative concurrence shall consist of (a) a favorable majority  
26 vote on the proposal by the standing committees on ways and means of  
27 both houses if the legislature is in session or (b) a favorable  
28 majority vote on the proposal by members of the legislative evaluation  
29 and accountability program committee if the legislature is not in  
30 session.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.88A RCW  
32 to read as follows:

33 Except for transportation projects, trust lands, or purchase or  
34 exchange of land by institutions of higher education under RCW  
35 28B.10.016, the legislature must have a fiscal note prepared for any  
36 purchase or exchange of land authorized in a capital budget or by  
37 separate appropriation. The appropriate legislative fiscal committees  
38 must request a fiscal note containing the following:

- 1 (1) Cost of raw land;
- 2 (2) Cost of ongoing maintenance;
- 3 (3) Cost of ongoing operations and source of funding;
- 4 (4) Employee costs on a full-time equivalent basis including
- 5 administrative costs;
- 6 (5) Cost of development;
- 7 (6) Any other known costs; and
- 8 (7) Any in lieu of real property taxes, including amounts due
- 9 junior taxing districts.

--- END ---