

1 **Sec. 1.** RCW 43.88.020 and 2000 2nd sp.s. c 4 s 11 are each amended
2 to read as follows:

3 DEFINITIONS. ~~((1) "Budget" means a proposed plan of expenditures~~
4 ~~for a given period or purpose and the proposed means for financing~~
5 ~~these expenditures.~~

6 ~~(2) "Budget document" means a formal statement, either written or~~
7 ~~provided on any electronic media or both, offered by the governor to~~
8 ~~the legislature, as provided in RCW 43.88.030.~~

9 ~~(3) "Director of financial management" means the official appointed~~
10 ~~by the governor to serve at the governor's pleasure and to whom the~~
11 ~~governor may delegate necessary authority to carry out the governor's~~
12 ~~duties as provided in this chapter. The director of financial~~
13 ~~management shall be head of the office of financial management which~~
14 ~~shall be in the office of the governor.~~

15 ~~(4) "Agency" means and includes every state office, officer, each~~
16 ~~institution, whether educational, correctional, or other, and every~~
17 ~~department, division, board, and commission, except as otherwise~~
18 ~~provided in this chapter.~~

19 ~~(5) "Public funds", for purposes of this chapter, means all moneys,~~
20 ~~including cash, checks, bills, notes, drafts, stocks, and bonds,~~
21 ~~whether held in trust, for operating purposes, or for capital purposes,~~
22 ~~and collected or disbursed under law, whether or not such funds are~~
23 ~~otherwise subject to legislative appropriation, including funds~~
24 ~~maintained outside the state treasury.~~

25 ~~(6) "Regulations" means the policies, standards, and requirements,~~
26 ~~stated in writing, designed to carry out the purposes of this chapter,~~
27 ~~as issued by the governor or the governor's designated agent, and which~~
28 ~~shall have the force and effect of law.~~

29 ~~(7) "Ensuing biennium" means the fiscal biennium beginning on July~~
30 ~~1st of the same year in which a regular session of the legislature is~~
31 ~~held during an odd-numbered year pursuant to Article II, section 12 of~~
32 ~~the Constitution and which biennium next succeeds the current biennium.~~

33 ~~(8) "Dedicated fund" means a fund in the state treasury, or a~~
34 ~~separate account or fund in the general fund in the state treasury,~~
35 ~~that by law is dedicated, appropriated, or set aside for a limited~~
36 ~~object or purpose; but "dedicated fund" does not include a revolving~~
37 ~~fund or a trust fund.~~

1 ~~(9) "Revolving fund" means a fund in the state treasury,~~
2 ~~established by law, from which is paid the cost of goods or services~~
3 ~~furnished to or by a state agency, and which is replenished through~~
4 ~~charges made for such goods or services or through transfers from other~~
5 ~~accounts or funds.~~

6 ~~(10) "Trust fund" means a fund in the state treasury in which~~
7 ~~designated persons or classes of persons have a vested beneficial~~
8 ~~interest or equitable ownership, or which was created or established by~~
9 ~~a gift, grant, contribution, devise, or bequest that limits the use of~~
10 ~~the fund to designated objects or purposes.~~

11 ~~(11) "Administrative expenses" means expenditures for: (a)~~
12 ~~Salaries, wages, and related costs of personnel and (b) operations and~~
13 ~~maintenance including but not limited to costs of supplies, materials,~~
14 ~~services, and equipment.~~

15 ~~(12) "Fiscal year" means the year beginning July 1st and ending the~~
16 ~~following June 30th.~~

17 ~~(13) "Lapse" means the termination of authority to expend an~~
18 ~~appropriation.~~

19 ~~(14) "Legislative fiscal committees" means the joint legislative~~
20 ~~audit and review committee, the legislative evaluation and~~
21 ~~accountability program committee, the ways and means and transportation~~
22 ~~committees of the senate and house of representatives, and, where~~
23 ~~appropriate, the legislative transportation committee.~~

24 ~~(15) "Fiscal period" means the period for which an appropriation is~~
25 ~~made as specified within the act making the appropriation.~~

26 ~~(16) "Primary budget driver" means the primary determinant of a~~
27 ~~budget level, other than a price variable, which causes or is~~
28 ~~associated with the major expenditure of an agency or budget unit~~
29 ~~within an agency, such as a caseload, enrollment, workload, or~~
30 ~~population statistic.~~

31 ~~(17) "State tax revenue limit" means the limitation created by~~
32 ~~chapter 43.135 RCW.~~

33 ~~(18) "General state revenues" means the revenues defined by Article~~
34 ~~VIII, section 1(c) of the state Constitution.~~

35 ~~(19) "Annual growth rate in real personal income" means the~~
36 ~~estimated percentage growth in personal income for the state during the~~
37 ~~current fiscal year, expressed in constant value dollars, as published~~
38 ~~by the office of financial management or its successor agency.~~

1 ~~(20) "Estimated revenues" means estimates of revenue in the most~~
2 ~~recent official economic and revenue forecast prepared under RCW~~
3 ~~82.33.020, and prepared by the office of financial management for those~~
4 ~~funds, accounts, and sources for which the office of the economic and~~
5 ~~revenue forecast council does not prepare an official forecast~~
6 ~~including estimates of revenues to support financial plans under RCW~~
7 ~~44.40.070, that are prepared by the office of financial management in~~
8 ~~consultation with the transportation revenue forecast council.~~

9 ~~(21) "Estimated receipts" means the estimated receipt of cash in~~
10 ~~the most recent official economic and revenue forecast prepared under~~
11 ~~RCW 82.33.020, and prepared by the office of financial management for~~
12 ~~those funds, accounts, and sources for which the office of the economic~~
13 ~~and revenue forecast council does not prepare an official forecast.~~

14 ~~(22) "State budgeting, accounting, and reporting system" means a~~
15 ~~system that gathers, maintains, and communicates fiscal information.~~
16 ~~The system links fiscal information beginning with development of~~
17 ~~agency budget requests through adoption of legislative appropriations~~
18 ~~to tracking actual receipts and expenditures against approved plans.~~

19 ~~(23) "Allotment of appropriation" means the agency's statement of~~
20 ~~proposed expenditures, the director of financial management's review of~~
21 ~~that statement, and the placement of the approved statement into the~~
22 ~~state budgeting, accounting, and reporting system.~~

23 ~~(24) "Statement of proposed expenditures" means a plan prepared by~~
24 ~~each agency that breaks each appropriation out into monthly detail~~
25 ~~representing the best estimate of how the appropriation will be~~
26 ~~expended.~~

27 ~~(25) "Undesignated fund balance (or deficit)" means unreserved and~~
28 ~~undesignated current assets or other resources available for~~
29 ~~expenditure over and above any current liabilities which are expected~~
30 ~~to be incurred by the close of the fiscal period.~~

31 ~~(26) "Internal audit" means an independent appraisal activity~~
32 ~~within an agency for the review of operations as a service to~~
33 ~~management, including a systematic examination of accounting and fiscal~~
34 ~~controls to assure that human and material resources are guarded~~
35 ~~against waste, loss, or misuse; and that reliable data are gathered,~~
36 ~~maintained, and fairly disclosed in a written report of the audit~~
37 ~~findings.~~

1 ~~(27) "Performance verification" means an analysis that (a) verifies~~
2 ~~the accuracy of data used by state agencies in quantifying intended~~
3 ~~results and measuring performance toward those results, and (b)~~
4 ~~verifies whether or not the reported results were achieved.~~

5 ~~(28) "Performance audit" has the same meaning as it is defined in~~
6 ~~RCW 44.28.005.)~~

7 (1) "Administrative expenses" means expenditures for: (a)
8 Salaries, wages, and related costs of personnel and (b) operations and
9 maintenance including but not limited to costs of supplies, materials,
10 services, and equipment.

11 (2) "Agency" means and includes every state office, officer, each
12 institution, whether educational, correctional, or other, and every
13 department, division, board, and commission, except as otherwise
14 provided in this chapter.

15 (3) "Annual growth rate in real personal income" means the
16 estimated percentage growth in personal income for the state during the
17 current fiscal year, expressed in constant value dollars, as published
18 by the office of financial management or its successor agency.

19 (4) "Budget" means a proposed plan of expenditures for a given
20 period or purpose and the proposed means for financing these
21 expenditures.

22 (5) "Budget document" means a formal statement, either written or
23 provided by any electronic media or both, offered by the governor to
24 the legislature, as provided in this chapter.

25 (6) "Cash deficit" means the amount by which the aggregate of
26 disbursements charged to an account will exceed the aggregate of
27 estimated receipts credited to that account in the current fiscal
28 period, less the extent to which the deficit may have been provided for
29 from available beginning cash surplus.

30 (7) "Dedicated fund" means an account in the state treasury, or a
31 separate account in the general fund in the state treasury, that by law
32 is dedicated, appropriated, or set aside for a limited object or
33 purpose; but "dedicated fund" does not include a revolving fund or a
34 trust fund.

35 (8) "Disbursements" means payments in cash, including but not
36 limited to issuance of warrants.

37 (9) "Director of financial management" means the official appointed
38 by the governor to serve at the governor's pleasure and to whom the

1 governor may delegate necessary authority to carry out the governor's
2 duties as provided in this chapter. The director of financial
3 management shall be head of the office of financial management which
4 shall be in the office of the governor.

5 (10) "Ensuing biennium" means the fiscal biennium beginning on July
6 1st of the same year in which a regular session of the legislature is
7 held during an odd-numbered year pursuant to Article II, section 12 of
8 the Constitution and which biennium next succeeds the current biennium.

9 (11) "Estimated receipts" means the estimated receipt of cash in
10 the most recent official economic and revenue forecast prepared under
11 RCW 82.33.020, and prepared by the office of financial management for
12 those funds, accounts, and sources for which the office of the economic
13 and revenue forecast council does not prepare an official forecast.

14 (12) "Estimated revenues" means estimates of revenue in the most
15 recent official economic and revenue forecast prepared under RCW
16 82.33.020, and prepared by the office of financial management for those
17 funds, accounts, and sources for which the office of the economic and
18 revenue forecast council does not prepare an official forecast
19 including estimates of revenues to support financial plans under
20 section 28 of this act, that are prepared by the office of financial
21 management in consultation with the transportation revenue forecast
22 council.

23 (13) "Fiscal period" means the period for which an appropriation is
24 made as specified within the act making the appropriation.

25 (14) "Fiscal year" means the year beginning July 1st and ending the
26 following June 30th.

27 (15) "General state revenues" means the revenues defined by Article
28 VIII, section 1(c) of the state Constitution.

29 (16) "Internal audit" means an independent appraisal activity
30 within an agency for the review of operations as a service to
31 management, including a systematic examination of accounting and fiscal
32 controls to assure that human and material resources are guarded
33 against waste, loss, or misuse; and that reliable data are gathered,
34 maintained, and fairly disclosed in a written report of the audit
35 findings.

36 (17) "Lapse" means the termination of authority to expend an
37 appropriation.

1 (18) "Legislative fiscal committees" means the joint legislative
2 audit and review committee, the legislative evaluation and
3 accountability program committee, the ways and means and transportation
4 committees of the senate and the appropriations, capital, and
5 transportation committees of the house of representatives, and, where
6 appropriate, the legislative transportation committee.

7 (19) "Performance audit" has the same meaning as it is defined in
8 RCW 44.28.005.

9 (20) "Performance verification" means an analysis that (a) verifies
10 the accuracy of data used by state agencies in quantifying intended
11 results and measuring performance toward those results, and (b)
12 verifies whether or not the reported results were achieved.

13 (21) "Public funds," for purposes of this chapter, means all
14 moneys, including cash, checks, bills, notes, drafts, stocks, and
15 bonds, whether held in trust, for operating purposes, or for capital
16 purposes, and collected or disbursed under law, whether or not such
17 funds are otherwise subject to legislative appropriation, including
18 funds maintained outside the state treasury.

19 (22) "Regulations" means the policies, standards, and requirements,
20 stated in writing, designed to carry out the purposes of this chapter,
21 as issued by the governor or the governor's designated agent, and which
22 shall have the force and effect of law.

23 (23) "Revolving fund" means an account in the state treasury,
24 established by law, from which is paid the cost of goods or services
25 furnished to or by a state agency, and which is replenished through
26 charges made for such goods or services or through transfers from other
27 accounts or funds.

28 (24) "State budgeting, accounting, and reporting system" means a
29 system that gathers, maintains, and communicates fiscal information.
30 The system links fiscal information beginning with development of
31 agency budget requests through adoption of legislative appropriations
32 to tracking actual receipts and expenditures against approved plans.

33 (25) "State tax revenue limit" means the limitation created by
34 chapter 43.135 RCW.

35 (26) "Statement of proposed expenditures" or "allotment" means a
36 plan prepared by each agency that breaks each appropriation and
37 allocation out into monthly detail representing the best estimate of
38 how the appropriation will be expended.

1 (27) "Trust fund" means a fund or account in the state treasury in
2 which designated persons or classes of persons have a vested beneficial
3 interest or equitable ownership, or which was created or established by
4 a gift, grant, contribution, devise, or bequest that limits the use of
5 the fund to designated objects or purposes.

6 (28) "Undesignated fund balance (or deficit)" means unreserved and
7 undesignated current assets or other resources available for
8 expenditure over and above any current liabilities which are expected
9 to be incurred by the close of the fiscal period.

10 NEW SECTION. Sec. 2. A new section is added to chapter 43.88 RCW
11 to read as follows:

12 DEFINITION. As used in RCW 43.88.290 and 43.88.300 (as recodified
13 by this act) the term "state officer or employee" includes the members
14 of the governing body of any state agency, as state agency is defined
15 in RCW 43.88.020 (as recodified by this act), and those generally known
16 as executive management but excludes nonsupervisory state employees
17 covered by civil service under chapter 41.06 RCW.

18 **REQUIREMENTS APPLICABLE TO ALL BUDGETS**

19 NEW SECTION. Sec. 3. A new section is added to chapter 43.88 RCW
20 to read as follows:

21 FORMAT OF BUDGET DOCUMENT. No change affecting the comparability
22 of agency or program information relating to expenditures, revenues,
23 workload, performance and personnel shall be made in the format of any
24 budget document or report presented to the legislature relative to the
25 format of the budget document or report which was presented to the
26 previous regular session of the legislature during an odd-numbered year
27 without prior legislative concurrence. Prior legislative concurrence
28 shall consist of (1) a favorable majority vote on the proposal by the
29 standing committees on ways and means of both houses if the legislature
30 is in session or (2) a favorable majority vote on the proposal by
31 members of the legislative evaluation and accountability program
32 committee if the legislature is not in session.

33 **Sec. 4.** RCW 43.88.035 and 1973 1st ex.s. c 100 s 9 are each
34 amended to read as follows:

1 SPECIAL APPENDIX TO BUDGET DOCUMENTS. Any changes in accounting
2 methods and practices or in statutes affecting expenditures or revenues
3 for the ensuing biennium relative to the then current fiscal period
4 which the governor may wish to recommend shall be clearly and
5 completely explained in ~~((the text))~~ a special appendix of the capital
6 or operating budget documents ~~((, in a special appendix thereto,))~~ or in
7 an alternative budget document. This explanatory material shall
8 include, but need not be limited to, estimates of revenues and
9 expenditures based on the same accounting practices and methods and
10 existing statutes relating to revenues and expenditure effective for
11 the then current fiscal period, together with alternative estimates
12 required by any changes in accounting methods and practices and by any
13 statutory changes the governor may wish to recommend.

14 **Sec. 5.** RCW 43.88.060 and 1977 ex.s. c 247 s 2 are each amended to
15 read as follows:

16 TIMELINE FOR SUBMITTING BUDGET DOCUMENTS. The governor shall
17 submit ~~((the))~~ to the legislature the proposed capital and operating
18 budget documents for ~~((the 1975-77 biennium and))~~ each ~~((succeeding))~~
19 biennium ~~((to the legislature))~~ no later than the twentieth day of
20 December in the year preceding the session during which the budget is
21 to be considered ~~((: PROVIDED, That where))~~. When a budget document is
22 submitted for a fiscal period other than a biennium, ~~((such))~~ the
23 document shall be submitted ~~((no less than))~~ at least twenty days prior
24 to the first day of the session at which ~~((such))~~ the budget document
25 is to be considered. The governor shall also submit ~~((a budget bill~~
26 ~~or))~~ capital and operating budget bills which for purposes of this
27 chapter ~~((is))~~ are defined to mean the appropriations proposed by the
28 governor as set forth in the budget documents. ~~((Such))~~
29 Representatives of agencies ~~((as have been))~~ designated by the governor
30 for this purpose shall, when requested, by either house of the
31 legislature, appear ~~((to be heard with respect to the))~~ and testify on
32 a budget document and the budget bill or bills and ~~((to))~~ supply
33 ~~((such))~~ additional information as may be required.

34 **Sec. 6.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read
35 as follows:

36 INFORMATION FROM STATE AGENCIES TO ASSIST BUDGET DEVELOPMENT.

1 ~~((1))~~ For purposes of developing budget proposals to the legislature,
2 the governor shall have the power, and it shall be the governor's duty,
3 to require from proper agency officials such detailed estimates and
4 other information in such form and at such times as the governor shall
5 direct. The estimates for the legislature and the judiciary shall be
6 transmitted to the governor and shall be included in the budget without
7 revision. ~~((The estimates for state pension contributions shall be
8 based on the rates provided in chapter 41.45 RCW. Copies of all such
9 estimates shall be transmitted))~~ In addition, if the governor believes
10 the estimates by the judiciary or legislature for additional funds are
11 problematic because of the state's economic conditions, the governor
12 may propose an alternative to the judiciary's and legislature's budget
13 estimates. The office of financial management shall transmit copies of
14 the estimates to the ~~((standing))~~ fiscal committees ~~((on ways and~~
15 means)) of the house of representatives and senate ~~((at the same time~~
16 as they are filed with the governor and the office of financial
17 management)) including, if appropriate, the transportation committees
18 of both houses, in a timely manner after the office of financial
19 management receives them.

20 ~~((The estimates shall include statements or tables which indicate,
21 by agency, the state funds which are required for the receipt of
22 federal matching revenues. The estimates shall be revised as necessary
23 to reflect legislative enactments and adopted appropriations and shall
24 be included with the initial biennial allotment submitted under RCW
25 43.88.110. The estimates must reflect that the agency considered any
26 alternatives to reduce costs or improve service delivery identified in
27 the findings of a performance audit of the agency by the joint
28 legislative audit and review committee. Nothing in this subsection
29 requires performance audit findings to be published as part of the
30 budget.~~

31 ~~(2) Each state agency shall define its mission and establish
32 measurable goals for achieving desirable results for those who receive
33 its services and the taxpayers who pay for those services. Each agency
34 shall also develop clear strategies and timelines to achieve its goals.
35 This section does not require an agency to develop a new mission or
36 goals in place of identifiable missions or goals that meet the intent
37 of this section. The mission and goals of each agency must conform to
38 statutory direction and limitations.~~

1 ~~(3) For the purpose of assessing program performance, each state~~
2 ~~agency shall establish program objectives for each major program in its~~
3 ~~budget. The objectives must be consistent with the missions and goals~~
4 ~~developed under this section. The objectives must be expressed to the~~
5 ~~extent practicable in outcome based, objective, and measurable form~~
6 ~~unless an exception to adopt a different standard is granted by the~~
7 ~~office of financial management and approved by the legislative~~
8 ~~committee on performance review. The office of financial management~~
9 ~~shall provide necessary professional and technical assistance to assist~~
10 ~~state agencies in the development of strategic plans that include the~~
11 ~~mission of the agency and its programs, measurable goals, strategies,~~
12 ~~and performance measurement systems.~~

13 ~~(4) Each state agency shall adopt procedures for continuous self-~~
14 ~~assessment of each program and activity, using the mission, goals,~~
15 ~~objectives, and measurements required under subsections (2) and (3) of~~
16 ~~this section.~~

17 ~~(5) It is the policy of the legislature that each agency's budget~~
18 ~~proposals must be directly linked to the agency's stated mission and~~
19 ~~program goals and objectives. Consistent with this policy, agency~~
20 ~~budget proposals must include integration of performance measures that~~
21 ~~allow objective determination of a program's success in achieving its~~
22 ~~goals. The office of financial management shall develop a plan to~~
23 ~~merge the budget development process with agency performance assessment~~
24 ~~procedures. The plan must include a schedule to integrate agency~~
25 ~~strategic plans and performance measures into agency budget requests~~
26 ~~and the governor's budget proposal over three fiscal biennia. The plan~~
27 ~~must identify those agencies that will implement the revised budget~~
28 ~~process in the 1997-1999 biennium, the 1999-2001 biennium, and the~~
29 ~~2001-2003 biennium. In consultation with the legislative fiscal~~
30 ~~committees, the office of financial management shall recommend~~
31 ~~statutory and procedural modifications to the state's budget,~~
32 ~~accounting, and reporting systems to facilitate the performance~~
33 ~~assessment procedures and the merger of those procedures with the state~~
34 ~~budget process. The plan and recommended statutory and procedural~~
35 ~~modifications must be submitted to the legislative fiscal committees by~~
36 ~~September 30, 1996.~~

37 ~~(6) In the year of the gubernatorial election, the governor shall~~
38 ~~invite the governor-elect or the governor-elect's designee to attend~~

1 all hearings provided in RCW 43.88.100; and the governor shall furnish
2 the governor elect or the governor elect's designee with such
3 information as will enable the governor elect or the governor elect's
4 designee to gain an understanding of the state's budget requirements.
5 The governor elect or the governor elect's designee may ask such
6 questions during the hearings and require such information as the
7 governor elect or the governor elect's designee deems necessary and may
8 make recommendations in connection with any item of the budget which,
9 with the governor elect's reasons therefor, shall be presented to the
10 legislature in writing with the budget document. Copies of all such
11 estimates and other required information shall also be submitted to the
12 standing committees on ways and means of the house and senate.))

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.88 RCW
14 to read as follows:

15 STATE AGENCY MISSIONS AND GOALS. (1) Each state agency shall
16 define its mission and establish measurable goals for achieving
17 desirable results for those who receive its services and the taxpayers
18 who pay for those services. Each agency shall also develop clear
19 strategies and timelines to achieve its goals. This section does not
20 require an agency to develop a new mission or goals in place of
21 identifiable missions or goals that meet the intent of this section.
22 The mission and goals of each agency must conform to statutory
23 direction and limitations.

24 (2) For the purpose of assessing program performance, each state
25 agency shall establish program objectives for each major program in its
26 budget. The objectives must be consistent with the missions and goals
27 developed under this section. The objectives must be expressed to the
28 extent practicable in outcome-based, objective, and measurable form.

29 (3) Each state agency shall adopt procedures for continuous self-
30 assessment of each program and activity, using the mission, goals,
31 objectives, and measurements required under subsections (1) and (2) of
32 this section.

33 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.88 RCW
34 to read as follows:

35 GOVERNOR-ELECT. In the year of the gubernatorial election, the
36 governor shall furnish the governor-elect or the governor-elect's

1 designee with such information as will enable the governor-elect or the
2 governor-elect's designee to gain an understanding of the state's
3 budget requirements.

4 **Sec. 9.** RCW 43.88.130 and 1965 c 8 s 43.88.130 are each amended to
5 read as follows:

6 SPENDING IN EXCESS OF APPROPRIATION. No agency shall expend or
7 contract to expend any money or incur any liability in excess of the
8 amounts appropriated for that purpose(~~(:—PROVIDED, That nothing in~~
9 ~~this section shall prevent the making of contracts or the spending of~~
10 ~~money for capital improvements, nor the making of contracts of lease or~~
11 ~~for service for a period exceeding)). No agency is prohibited from
12 making contracts, spending money, or entering into a lease for capital
13 improvements for a period longer than the fiscal period in which such
14 contract is made, when such contract is permitted by law. Any contract
15 made in violation of this section shall be null and void.~~

16 **Sec. 10.** RCW 43.88.150 and 1995 c 6 s 1 are each amended to read
17 as follows:

18 EXPENDITURES FROM APPROPRIATED AND NONAPPROPRIATED FUNDS. (1) For
19 those agencies that make expenditures from both appropriated and
20 nonappropriated funds for the same purpose, the governor shall direct
21 such agencies to charge their expenditures in such ratio, as between
22 appropriated and nonappropriated funds, as will conserve appropriated
23 funds. This subsection does not apply to institutions of higher
24 education, as defined in RCW 28B.10.016.

25 (2) (~~Unless otherwise provided by law, if state moneys are~~
26 ~~appropriated for a capital project and matching funds or other~~
27 ~~contributions are required as a condition of the receipt of the state~~
28 ~~moneys, the state moneys shall be disbursed in proportion to and only~~
29 ~~to the extent that the matching funds or other contributions have been~~
30 ~~received and are available for expenditure.~~

31 ~~(3))~~) The office of financial management shall adopt guidelines for
32 the implementation of this section and section 26 of this act. The
33 guidelines may account for federal matching requirements or other
34 requirements to spend other moneys in a particular manner.

1 **Sec. 11.** RCW 43.88.170 and 1965 c 8 s 43.88.170 are each amended
2 to read as follows:

3 REFUND OF FEES BY STATE AGENCY. Whenever any law (~~(which)~~)
4 provides (~~(for the collection of)~~) that an agency collect fees or other
5 payments (~~(by an agency)~~) but does not authorize the refund of
6 erroneous or excessive payments (~~(thereof, refunds may be made or~~
7 ~~authorized by the agency which collected the fees or payments)~~), the
8 agency collecting the fees or payments may refund or authorize a refund
9 of all (~~(such)~~) amounts received by the agency in (~~(consequence of)~~)
10 error(~~(, either of fact or of law)~~). The regulations issued by the
11 governor pursuant to this chapter shall prescribe the procedure to be
12 employed in making these refunds.

13 **Sec. 12.** RCW 43.88.180 and 1973 1st ex.s. c 100 s 8 are each
14 amended to read as follows:

15 APPROPRIATION NOT NECESSARY FOR REFUND. Appropriations shall not
16 be required for refunds(~~(, as provided)~~) authorized in RCW 43.88.170
17 (as recodified by this act), (~~(nor in the case of)~~) or for payments
18 (~~(other than for administrative expenses or capital improvements to be~~
19 ~~made)~~) from trust funds specifically created by law to discharge
20 awards, claims, annuities and other liabilities of the state. (~~(Said)~~)
21 Appropriations may be required for payments from these trust funds for
22 administrative expenses or capital improvements. Trust funds shall
23 include, but shall not be limited to, the accident fund, medical aid
24 fund, retirement system fund, Washington state patrol retirement fund
25 and unemployment trust fund. Appropriations may be required in the
26 case of public service enterprises defined for the purposes of this
27 section as proprietary functions conducted by an agency of the state.
28 Under RCW 43.88.190 (as recodified by this act), an appropriation may
29 be required to permit payment of obligations by revolving funds(~~(, as~~
30 ~~provided in RCW 43.88.190)~~).

31 **Sec. 13.** RCW 43.88.190 and 1965 c 8 s 43.88.190 are each amended
32 to read as follows:

33 REVOLVING FUNDS. Revolving funds shall not be created by law
34 except to finance the operations of service units, or units set up to
35 supply goods and services to other units or agencies. (~~(Such)~~) These
36 service units where created shall be self-supporting operations

1 featuring continuous turnover of working capital. The regulations
2 issued by the governor (~~((pursuant to))~~) under this chapter shall
3 prescribe the procedures to be employed by agencies in accounting and
4 reporting for revolving funds and may provide (~~((for the keeping of~~
5 ~~such))~~) that these funds be kept in the custody of the treasurer.

6 **Sec. 14.** RCW 43.88.195 and 1996 c 186 s 509 are each amended to
7 read as follows:

8 LOCAL ACCOUNTS. After August 11, 1969, no state agency, state
9 institution, state institution of higher education, which shall include
10 all state universities, regional universities, The Evergreen State
11 College, and community colleges, shall establish any new accounts or
12 funds which are to be located outside of the state treasury(~~((+~~
13 ~~PROVIDED, That))~~). The office of financial management shall be
14 authorized to grant permission for the establishment of ((such)) an
15 account or fund outside of the state treasury only when the requesting
16 agency presents compelling reasons of economy and efficiency which
17 could not be achieved by placing ((such)) these funds in the state
18 treasury. When the director of financial management authorizes the
19 creation of ((such)) the fund or account, the director shall
20 ((forthwith)) immediately give written notice of the fact to the
21 standing committees on ways and means of the house and senate((+
22 ~~PROVIDED FURTHER, That))~~. Agencies authorized to create local accounts
23 will utilize the services of the state treasurer's office to ensure
24 that new or ongoing relationships with financial institutions are in
25 concert with statewide policies and procedures pursuant to RCW
26 43.88.160((+1)) (2) (as recodified by this act).

27 **Sec. 15.** RCW 43.88.250 and 1975-'76 2nd ex.s. c 83 s 1 are each
28 amended to read as follows:

29 SPENDING IN AN EMERGENCY. Whenever an emergency (~~((shall))~~) arises
30 necessitating ((an expenditure)) that a state agency expend funds for
31 the preservation of peace, health, or safety, or for the ((carrying on
32 ~~of the))~~ necessary work required by law (~~((of any state agency))~~) for
33 which insufficient or no appropriations have been made, the head of
34 ((such)) an agency shall submit to the governor(~~((, duplicate copies~~
35 ~~of))~~) in a manner determined by the governor a ((sworn)) statement((,))
36 setting forth the facts constituting the emergency and the estimated

1 amount of money required (~~((therefor))~~) to manage the emergency. If the
2 governor approves (~~((such))~~) the estimate in whole or in part, the
3 governor shall (~~((indorse on each copy of the statement the governor's~~
4 ~~approval, together with a statement of the amount approved as))~~) notify
5 the agency director and provide an allocation (~~((from any appropriation~~
6 ~~available for allocation for emergency purposes and transmit one copy~~
7 ~~to the head of the agency thereby authorizing the emergency~~
8 ~~expenditures))~~) to the agency from funds appropriated for emergency
9 purposes.

10 **Sec. 16.** RCW 43.88.260 and 1987 c 502 s 7 are each amended to read
11 as follows:

12 INCURRING A CASH DEFICIENCY. (1) It (~~((shall be))~~) is unlawful for
13 any agency (~~((head))~~) director or disbursing officer to incur any cash
14 deficiency and any (~~((appointive))~~) director or officer (~~((or employee~~
15 ~~violating))~~) who violates the provisions of this section (~~((shall be))~~) is
16 subject to summary removal.

17 (2) This section does not apply to:

18 (a) Temporary cash deficiencies resulting from disbursements under
19 (~~((a))~~) an expenditure plan approved under RCW 43.88.110 (as recodified
20 by this act).

21 (b) Temporary cash deficiencies authorized by the director of
22 financial management for funds and accounts in the state treasury or in
23 the custody of the state treasurer. Each authorization under this
24 subsection (b) shall distinctly specify the fund or account for which
25 a deficiency is authorized, the maximum amount of cash deficiency which
26 may be incurred, and the maximum time period during which the cash
27 deficiency may continue. Each authorization shall expire at the end of
28 each fiscal biennium unless renewed by the director of financial
29 management. The director of financial management shall report each
30 authorization and renewal to the legislative fiscal committees.

31 (c) Temporary cash deficiencies in funds or accounts which are
32 neither in the state treasury, nor in the custody of the treasurer, if
33 the cash deficiency does not continue past the end of the fiscal
34 biennium.

35 (3) Nothing in this section permits the expenditure of moneys in
36 excess of an applicable appropriation.

1 NEW SECTION. **Sec. 17.** A new section is added to chapter 43.88 RCW
2 to read as follows:

3 ESTIMATED REVENUES MUST BE INCLUDED IN BUDGET. The budget shall be
4 based on estimated revenues and caseloads approved by the economic and
5 revenue forecast council and caseload forecast council or upon the
6 estimated revenues and caseloads of the office of financial management
7 for those funds and programs for which the forecast councils do not
8 prepare an official forecast. Revenues shall be estimated for such
9 fiscal period from the source and at the rates existing by law at the
10 time of submission of the governor's proposed biennial or supplemental
11 budget. However, the estimated revenues and caseloads for use in the
12 governor's budget may be adjusted to reflect budgetary revenue
13 transfers and revenue and caseload estimates dependent upon budgetary
14 assumptions of enrollments, workloads, and caseloads. All adjustments
15 to the approved estimated revenues and caseloads must be set forth in
16 the budget document.

17 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.88 RCW
18 to read as follows:

19 PROPOSED BUDGET MUST BALANCE. (1) The governor shall submit
20 proposed biennial or supplemental budgets that are balanced for each
21 account. The total beginning undesignated fund balance plus estimated
22 revenues must equal or exceed total proposed expenditures for each
23 account. In limited cases, when disbursements significantly lag
24 expenditures and a stable, long-term revenue source exists, the
25 governor may propose a budget for an account based on cash balance
26 rather than fund balance. In those cases, the governor must identify
27 that the proposed budget is based on cash receipts and disbursements
28 and identify how the expenditure obligations of the account will be met
29 long term.

30 (2) If, for any applicable account, the estimated receipts for the
31 next ensuing fiscal period plus cash beginning balance are less than
32 the aggregate of estimated disbursements proposed by the governor for
33 the next ensuing fiscal period, the governor shall include in the
34 budget document proposals on how the anticipated cash deficit shall be
35 addressed, whether by increasing the indebtedness of the state,
36 imposing new taxes, increasing tax rates or extending them, or
37 employing any other proposal. The governor may propose orderly

1 liquidation of the anticipated cash deficit over a period of one or
2 more fiscal periods, if, in the governor's discretion that manner of
3 liquidation would best serve the public interest.

4 (3) The governor may additionally submit a proposal for
5 expenditures in the ensuing fiscal period from revenue sources derived
6 from proposed changes in existing statutes.

7 OPERATING BUDGET

8 **Sec. 19.** RCW 43.88.030 and 2002 c 371 s 911 are each amended to
9 read as follows:

10 INSTRUCTIONS FOR SUBMITTING AGENCY OPERATING BUDGET REQUESTS. (1)
11 The director of financial management shall provide all agencies with a
12 complete set of instructions for submitting biennial operating budget
13 requests to the director at least three months before agency budget
14 documents are due into the office of financial management. ((The
15 director shall provide agencies and committees that are required under
16 RCW 44.40.070 to develop comprehensive six-year program and financial
17 plans with a complete set of instructions for submitting these program
18 and financial plans at the same time that instructions for submitting
19 other budget requests are provided. The budget document or documents
20 shall consist of the governor's budget message which shall be
21 explanatory of the budget and shall contain an outline of the proposed
22 financial policies of the state for the ensuing fiscal period, as well
23 as an outline of the proposed six-year financial policies where
24 applicable, and shall describe in connection therewith the important
25 features of the budget. The message shall set forth the reasons for
26 salient changes from the previous fiscal period in expenditure and
27 revenue items and shall explain any major changes in financial policy.
28 Attached to the budget message shall be such supporting schedules,
29 exhibits and other explanatory material in respect to both current
30 operations and capital improvements as the governor shall deem to be
31 useful to the legislature. The budget document or documents shall set
32 forth a proposal for expenditures in the ensuing fiscal period, or six-
33 year period where applicable, based upon the estimated revenues and
34 caseloads as approved by the economic and revenue forecast council and
35 caseload forecast council or upon the estimated revenues and caseloads
36 of the office of financial management for those funds, accounts,

1 sources, and programs for which the forecast councils do not prepare an
2 official forecast, including those revenues anticipated to support the
3 six-year programs and financial plans under RCW 44.40.070. In
4 estimating revenues to support financial plans under RCW 44.40.070, the
5 office of financial management shall rely on information and advice
6 from the transportation revenue forecast council. Revenues shall be
7 estimated for such fiscal period from the source and at the rates
8 existing by law at the time of submission of the budget document,
9 including the supplemental budgets submitted in the even-numbered years
10 of a biennium. However, the estimated revenues and caseloads for use
11 in the governor's budget document may be adjusted to reflect budgetary
12 revenue transfers and revenue and caseload estimates dependent upon
13 budgetary assumptions of enrollments, workloads, and caseloads. All
14 adjustments to the approved estimated revenues and caseloads must be
15 set forth in the budget document. The governor may additionally
16 submit, as an appendix to each supplemental, biennial, or six-year
17 agency budget or to the budget document or documents, a proposal for
18 expenditures in the ensuing fiscal period from revenue sources derived
19 from proposed changes in existing statutes.

20 Supplemental and biennial documents shall reflect a six-year
21 expenditure plan consistent with estimated revenues from existing
22 sources and at existing rates for those agencies required to submit
23 six-year program and financial plans under RCW 44.40.070. Any
24 additional revenue resulting from proposed changes to existing statutes
25 shall be separately identified within the document as well as related
26 expenditures for the six-year period.

27 The budget document or documents shall also contain:

28 (a) Revenues classified by fund and source for the immediately past
29 fiscal period, those received or anticipated for the current fiscal
30 period, those anticipated for the ensuing biennium, and those
31 anticipated for the ensuing six-year period to support the six-year
32 programs and financial plans required under RCW 44.40.070;

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

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

37 (d) Such additional information dealing with revenues and

1 ~~expenditures as the governor shall deem pertinent and useful to the~~
2 ~~legislature;~~

3 ~~(e) Tabulations showing expenditures classified by fund, function,~~
4 ~~activity, and agency. However, documents submitted for the 2003-05~~
5 ~~biennial budget request need not show expenditures by activity;~~

6 ~~(f) A delineation of each agency's activities, including those~~
7 ~~activities funded from nonbudgeted, nonappropriated sources, including~~
8 ~~funds maintained outside the state treasury;~~

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

12 ~~(h) Tabulations showing each postretirement adjustment by~~
13 ~~retirement system established after fiscal year 1991, to include, but~~
14 ~~not be limited to, estimated total payments made to the end of the~~
15 ~~previous biennial period, estimated payments for the present biennium,~~
16 ~~and estimated payments for the ensuing biennium.~~

17 ~~(2) The budget document or documents shall include detailed~~
18 ~~estimates of all anticipated revenues applicable to proposed operating~~
19 ~~or capital expenditures and shall also include all proposed operating~~
20 ~~or capital expenditures. The total of beginning undesignated fund~~
21 ~~balance and estimated revenues less working capital and other reserves~~
22 ~~shall equal or exceed the total of proposed applicable expenditures.~~
23 ~~The budget document or documents shall further include:~~

24 ~~(a) Interest, amortization and redemption charges on the state~~
25 ~~debt;~~

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

27 ~~(c) Other statutory expenditures;~~

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

29 ~~(e) Revenues derived from agency operations;~~

30 ~~(f) Expenditures and revenues shall be given in comparative form~~
31 ~~showing those incurred or received for the immediately past fiscal~~
32 ~~period and those anticipated for the current biennium and next ensuing~~
33 ~~biennium, as well as those required to support the six year programs~~
34 ~~and financial plans required under RCW 44.40.070;~~

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

38 ~~(h) Common school expenditures on a fiscal year basis;~~

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

4 ~~(j) A showing and explanation of anticipated amounts of general~~
5 ~~fund and other funds required to amortize the unfunded actuarial~~
6 ~~accrued liability of the retirement system specified under chapter~~
7 ~~41.45 RCW, and the contributions to meet such amortization, stated in~~
8 ~~total dollars and as a level percentage of total compensation.~~

9 ~~(3) A separate capital budget document or schedule shall be~~
10 ~~submitted that will contain the following:~~

11 ~~(a) A statement setting forth a long range facilities plan for the~~
12 ~~state that identifies and includes the highest priority needs within~~
13 ~~affordable spending levels;~~

14 ~~(b) A capital program consisting of proposed capital projects for~~
15 ~~the next biennium and the two biennia succeeding the next biennium~~
16 ~~consistent with the long range facilities plan. Inasmuch as is~~
17 ~~practical, and recognizing emergent needs, the capital program shall~~
18 ~~reflect the priorities, projects, and spending levels proposed in~~
19 ~~previously submitted capital budget documents in order to provide a~~
20 ~~reliable long range planning tool for the legislature and state~~
21 ~~agencies;~~

22 ~~(c) A capital plan consisting of proposed capital spending for at~~
23 ~~least four biennia succeeding the next biennium;~~

24 ~~(d) A strategic plan for reducing backlogs of maintenance and~~
25 ~~repair projects. The plan shall include a prioritized list of specific~~
26 ~~facility deficiencies and capital projects to address the deficiencies~~
27 ~~for each agency, cost estimates for each project, a schedule for~~
28 ~~completing projects over a reasonable period of time, and~~
29 ~~identification of normal maintenance activities to reduce future~~
30 ~~backlogs;~~

31 ~~(e) A statement of the reason or purpose for a project;~~

32 ~~(f) Verification that a project is consistent with the provisions~~
33 ~~set forth in chapter 36.70A RCW;~~

34 ~~(g) A statement about the proposed site, size, and estimated life~~
35 ~~of the project, if applicable;~~

36 ~~(h) Estimated total project cost;~~

37 ~~(i) For major projects valued over five million dollars, estimated~~
38 ~~costs for the following project components: Acquisition, consultant~~

1 ~~services, construction, equipment, project management, and other costs~~
2 ~~included as part of the project. Project component costs shall be~~
3 ~~displayed in a standard format defined by the office of financial~~
4 ~~management to allow comparisons between projects;~~

5 ~~(j) Estimated total project cost for each phase of the project as~~
6 ~~defined by the office of financial management;~~

7 ~~(k) Estimated ensuing biennium costs;~~

8 ~~(l) Estimated costs beyond the ensuing biennium;~~

9 ~~(m) Estimated construction start and completion dates;~~

10 ~~(n) Source and type of funds proposed;~~

11 ~~(o) Estimated ongoing operating budget costs or savings resulting~~
12 ~~from the project, including staffing and maintenance costs;~~

13 ~~(p) For any capital appropriation requested for a state agency for~~
14 ~~the acquisition of land or the capital improvement of land in which the~~
15 ~~primary purpose of the acquisition or improvement is recreation or~~
16 ~~wildlife habitat conservation, the capital budget document, or an~~
17 ~~omnibus list of recreation and habitat acquisitions provided with the~~
18 ~~governor's budget document, shall identify the projected costs of~~
19 ~~operation and maintenance for at least the two biennia succeeding the~~
20 ~~next biennium. Omnibus lists of habitat and recreation land~~
21 ~~acquisitions shall include individual project cost estimates for~~
22 ~~operation and maintenance as well as a total for all state projects~~
23 ~~included in the list. The document shall identify the source of funds~~
24 ~~from which the operation and maintenance costs are proposed to be~~
25 ~~funded;~~

26 ~~(q) Such other information bearing upon capital projects as the~~
27 ~~governor deems to be useful;~~

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

30 ~~(s) Such other information as the legislature may direct by law or~~
31 ~~concurrent resolution.~~

32 ~~For purposes of this subsection (3), the term "capital project"~~
33 ~~shall be defined subsequent to the analysis, findings, and~~
34 ~~recommendations of a joint committee comprised of representatives from~~
35 ~~the house capital appropriations committee, senate ways and means~~
36 ~~committee, legislative transportation committee, legislative evaluation~~
37 ~~and accountability program committee, and office of financial~~
38 ~~management.~~

1 ~~(4) No change affecting the comparability of agency or program~~
2 ~~information relating to expenditures, revenues, workload, performance~~
3 ~~and personnel shall be made in the format of any budget document or~~
4 ~~report presented to the legislature under this section or RCW~~
5 ~~43.88.160(1) relative to the format of the budget document or report~~
6 ~~which was presented to the previous regular session of the legislature~~
7 ~~during an odd numbered year without prior legislative concurrence.~~
8 ~~Prior legislative concurrence shall consist of (a) a favorable majority~~
9 ~~vote on the proposal by the standing committees on ways and means of~~
10 ~~both houses if the legislature is in session or (b) a favorable~~
11 ~~majority vote on the proposal by members of the legislative evaluation~~
12 ~~and accountability program committee if the legislature is not in~~
13 ~~session.))~~

14 (2) Each agency's operating budget request must be directly linked
15 to the agency's stated mission, program goals, and objectives.
16 Consistent with this policy, agency budget requests must include
17 integration of performance measures that allow objective determination
18 of activities' success in achieving those goals.

19 NEW SECTION. Sec. 20. A new section is added to chapter 43.88 RCW
20 to read as follows:

21 OTHER REQUIREMENTS OF THE GOVERNOR'S PROPOSED OPERATING BUDGET.
22 The governor's proposed operating budget document or documents shall
23 also contain:

24 (1) Revenues classified by account and major source for the
25 immediately past fiscal period, those received or anticipated for the
26 current fiscal period, and those anticipated for the ensuing biennium;

27 (2) The undesignated fund balance or deficit, by account;

28 (3) Expenditures classified by account, function, and agency
29 including nonappropriated and nonbudgeted accounts outside the state
30 treasury;

31 (4) Estimates of all anticipated revenues applicable to proposed
32 operating or capital expenditures, and all proposed operating or
33 capital expenditures including but not limited to agency operational
34 expenses, debt service charges, and payments of claims;

35 (5) Other supporting exhibits or explanatory material that the
36 governor considers useful to the legislature or the public;

1 (6) Expenditures and revenues shall be given in comparative form
2 showing those incurred or received for the immediately past fiscal
3 period and those anticipated for the current biennium and next ensuing
4 biennium, as well as those required to support the six-year programs
5 and financial plans required under section 28 of this act;

6 (7) A showing and explanation of amounts of general fund and other
7 accounts obligations for debt service and any transfers of moneys that
8 otherwise would have been available for appropriation;

9 (8) Common school expenditures on a fiscal-year basis;

10 (9) A showing, by agency, of the value and purpose of financing
11 contracts for the lease/purchase or acquisition of personal or real
12 property for the current and ensuing fiscal periods; and

13 (10) A showing and explanation of anticipated amounts of general
14 fund and other accounts required to amortize the unfunded actuarial
15 accrued liability of the retirement system specified under chapter
16 41.45 RCW, and the contributions to meet such amortization, stated in
17 total dollars and as a level percentage of total compensation. The
18 governor may include proposed changes to rates based on chapter 41.45
19 RCW as a separate step in the budget.

20 CAPITAL BUDGET

21 **Sec. 21.** RCW 43.88.0301 and 2002 c 312 s 1 are each amended to
22 read as follows:

23 CAPITAL BUDGET DOCUMENT INSTRUCTIONS. (1) The director of
24 financial management shall provide all agencies with a complete set of
25 instructions for submitting capital budget requests to the director at
26 least three months before agency capital budget documents are due into
27 the office of financial management.

28 (2) The office of financial management must include in its capital
29 budget instructions, beginning with its instructions for the 2003-05
30 capital budget, a request for "yes" or "no" answers for the following
31 additional informational questions from capital budget applicants for
32 all proposed major capital construction projects valued over five
33 million dollars and required to complete a predesign:

34 (a) For proposed capital projects identified in this subsection
35 that are located in or serving city or county planning under RCW
36 36.70A.040:

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

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

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

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

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

14 (i) Whether there was regional coordination during project
15 development;

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

17 (iii) Whether environmental outcomes and the reduction of adverse
18 environmental impacts were examined.

19 ~~((+2))~~ (3) For projects subject to subsection ~~((+1))~~ (2) of this
20 section, the office of financial management shall request the required
21 information be provided during the predesign process of major capital
22 construction projects to reduce long-term costs and increase process
23 efficiency.

24 ~~((+3))~~ (4) The office of financial management, in fulfilling its
25 duties under ~~((RCW 43.88.030(3)))~~ section 22 of this act to create a
26 capital budget document, must ~~((take into account))~~ consider
27 information gathered under subsections ~~((+1))~~ (2) and ~~((+2))~~ (3) of
28 this section in an effort to promote state capital facility
29 expenditures that minimize unplanned or uncoordinated infrastructure
30 and development costs, support economic and quality of life benefits
31 for existing communities, and support local government planning
32 efforts.

33 ~~((+4))~~ (5) The office of community development must provide staff
34 support to the office of financial management and affected capital
35 budget applicants to help collect data required by subsections ~~((+1))~~
36 (2) and ~~((+2))~~ (3) of this section.

1 NEW SECTION. **Sec. 22.** A new section is added to chapter 43.88 RCW
2 to read as follows:

3 CAPITAL BUDGET DOCUMENT REQUIREMENTS. (1) The governor shall
4 submit a proposed biennial or supplemental capital budget document or
5 schedule that will contain the following:

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

9 (b) A capital program consisting of proposed capital projects for
10 the next biennium and the two biennia succeeding the next biennium
11 consistent with the long-range facilities plan. To the extent it is
12 practical, and recognizing emergent needs, the capital program shall
13 reflect the priorities, projects, and spending levels proposed in
14 previously submitted capital budget documents in order to provide a
15 reliable long-range planning tool for the legislature and state
16 agencies;

17 (c) A capital plan consisting of proposed capital spending for at
18 least two biennia succeeding the next biennium;

19 (d) A strategic plan for reducing backlogs of maintenance and
20 repair projects. The plan shall include a prioritized list of specific
21 facility deficiencies and capital projects to address the deficiencies
22 for each agency, cost estimates for each project, a schedule for
23 completing projects over a reasonable period of time, and
24 identification of normal maintenance activities to reduce future
25 backlogs;

26 (e) A statement of the reason or purpose for a project;

27 (f) Verification that a project is consistent with the provisions
28 set forth in chapter 36.70A RCW;

29 (g) A statement about the proposed site, size, and estimated life
30 of the project, if applicable;

31 (h) Estimated total project cost;

32 (i) For major projects valued over five million dollars, estimated
33 costs for the following project components: Acquisition, consultant
34 services, construction, equipment, project management, and other costs
35 included as part of the project. Project component costs shall be
36 displayed in a standard format defined by the office of financial
37 management to allow comparisons between projects;

1 (j) Estimated total project cost for each phase of the project as
2 defined by the office of financial management;

3 (k) Estimated ensuing biennium costs;

4 (l) Estimated costs beyond the ensuing biennium;

5 (m) Estimated construction start and completion dates;

6 (n) Source and type of funds proposed;

7 (o) Estimated ongoing operating budget costs or savings resulting
8 from the project, including staffing and maintenance costs;

9 (p) For any capital appropriation requested for a state agency for
10 the acquisition of land or the capital improvement of land in which the
11 primary purpose of the acquisition or improvement is recreation or
12 wildlife habitat conservation, the governor's capital budget document,
13 or an omnibus list of recreation and habitat acquisitions provided with
14 the governor's operating budget document, shall identify the projected
15 costs of operation and maintenance for at least the two biennia
16 succeeding the next biennium. Omnibus lists of habitat and recreation
17 land acquisitions shall include individual project cost estimates for
18 operation and maintenance as well as a total for all state projects
19 included in the list. The document shall identify the source of funds
20 from which the operation and maintenance costs are proposed to be
21 funded;

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

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

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

28 (2) For purposes of this section, the term "capital project" shall
29 be defined subsequent to the analysis, findings, and recommendations of
30 a joint committee comprised of representatives from the house capital
31 budget committee, senate ways and means committee, legislative
32 transportation committee, legislative evaluation and accountability
33 program committee, and office of financial management.

34 NEW SECTION. **Sec. 23.** A new section is added to chapter 43.88 RCW
35 to read as follows:

36 **MONITORING CAPITAL APPROPRIATIONS AND EXPENDITURES.** (1) The office

1 of financial management shall develop a method for monitoring capital
2 appropriations and expenditures that will capture at least the
3 following elements:

4 (a) Appropriations made for capital projects including
5 transportation projects;

6 (b) Estimates of total project costs including past, current,
7 ensuing, and future biennial costs;

8 (c) Comparisons of actual costs to estimated costs;

9 (d) Comparisons of estimated construction start and completion
10 dates with actual dates;

11 (e) Documentation of fund shifts between projects.

12 (2) This data may be incorporated into the existing accounting
13 system or into a separate project management system, as deemed
14 appropriate by the office of financial management.

15 (3) State agencies shall submit to the office of financial
16 management an agency maintenance report for each major campus or site,
17 as defined by the office of financial management. Reports shall be
18 prepared in a format prescribed by the office of financial management,
19 and shall include but not be limited to: Information describing the
20 number, size, and condition of state-owned facilities; facility
21 maintenance, repair, and operating expenses paid from the state
22 operating and capital budgets, including maintenance staffing levels;
23 the condition of major infrastructure systems; and maintenance
24 management initiatives undertaken by the agency over the prior year.
25 Agencies shall submit their annual maintenance summary reports to the
26 office of financial management by September 1st of each year.

27 NEW SECTION. **Sec. 24.** A new section is added to chapter 43.88 RCW
28 to read as follows:

29 REVIEW OF MAJOR CAPITAL PROJECTS. (1) The office of financial
30 management, prior to approving allotments for major capital
31 construction projects valued over five million dollars, shall institute
32 procedures for reviewing such projects at the predesign stage that will
33 reduce long-term costs and increase facility efficiency.

34 (2) No expenditure may be incurred or obligation entered into for
35 such major capital construction projects including, without exception,
36 land acquisition, site development, predesign, design, construction,
37 and equipment acquisition and installation, until the allotment of the

1 funds to be expended has been approved by the office of financial
2 management. This limitation does not prohibit the continuation of
3 expenditures and obligations into the succeeding biennium for projects
4 for which allotments have been approved in the immediate prior
5 biennium.

6 **Sec. 25.** RCW 43.88.145 and 1994 c 219 s 6 are each amended to read
7 as follows:

8 TRANSFER OF CAPITAL APPROPRIATION AUTHORITY. (1) The capital
9 appropriations act may authorize the governor, through the director of
10 financial management, to transfer the appropriation authority for a
11 capital project that is in excess of the amount required for the
12 completion of the project to another capital project for which the
13 appropriation is insufficient.

14 (a) (~~No such~~) This transfer authority may not be used to expand
15 the capacity or change the intended use of the project beyond that
16 intended by the legislature in making the appropriation.

17 (b) The transfer may be effected only between capital projects
18 within a specific department, commission, agency, or institution of
19 higher education.

20 (c) The transfer may be effected only if the project from which the
21 transfer of funds is made is substantially complete and there are funds
22 remaining, or bids have been let on the project from which the transfer
23 of funds is made and it appears to a substantial certainty that the
24 project can be completed within the biennium for less than the amount
25 appropriated.

26 (2) For the purposes of this section, the legislature intends that
27 each project be defined as proposed to the legislature in the
28 governor's capital budget document, unless the legislative history
29 demonstrates that the legislature intended to define the scope of a
30 project in a different way.

31 (3) The office of financial management shall notify the legislative
32 fiscal committees of the senate and the house of representatives at
33 least thirty days before any transfer is effected under this section
34 except emergency projects or any transfer under two hundred fifty
35 thousand dollars, and shall prepare a report to such committees listing
36 all completed transfers at the close of each fiscal year.

1 state patrol, the department of licensing, the traffic safety
2 commission, the county road administration board, and the board of
3 pilotage commissioners, shall adopt or revise after consultation with
4 the legislative transportation committee, a comprehensive six-year
5 program and financial plan for all transportation activities under each
6 agency's jurisdiction.

7 The comprehensive six-year program and financial plan must state
8 the general objectives and needs of each agency's major transportation
9 programs, including workload and performance estimates.

10 NEW SECTION. **Sec. 29.** A new section is added to chapter 43.88 RCW
11 to read as follows:

12 DETAILS OF TRANSPORTATION AGENCIES' BUDGET REQUESTS. The
13 transportation agencies' biennial budget requests shall include details
14 of expenditures, and performance and public service criteria for the
15 transportation programs and activities of each agency in consonance
16 with that agency's adopted six-year comprehensive program and financial
17 plan.

18 NEW SECTION. **Sec. 30.** A new section is added to chapter 43.88 RCW
19 to read as follows:

20 HIGHWAY ALLOCATIONS. When an allocation for the construction or
21 improvement of state highways is provided, that allocation is under the
22 sole charge and direct control of the department of transportation.

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

25 AGENCIES THAT COLLECT REVENUE MUST DEVELOP SIX-YEAR PROGRAMS.
26 Those agencies engaged in the collection of revenues under section 28
27 of this act are required to develop six-year programs and financial
28 plans under section 28 of this act. These six-year revenue estimates
29 shall be submitted to the director of financial management and the
30 transportation committees of the senate and the house of
31 representatives.

32 Each agency engaged in the collection of revenues shall prepare
33 estimated revenues and estimated receipts for the current and ensuing
34 biennium and shall submit the estimates to the director of financial

1 management and the director of revenue at times and in the form
2 specified by the directors, along with any other information which the
3 directors may request.

4 A copy of such revenue estimates shall be simultaneously submitted
5 to the economic and revenue forecast work group when required by the
6 office of the economic and revenue forecast council.

7 **ALLOTMENTS**

8 **Sec. 32.** RCW 43.88.110 and 1997 c 96 s 6 are each amended to read
9 as follows:

10 ALLOTMENT INSTRUCTIONS. This section sets forth the public funds
11 expenditure programs and the allotment and reserve procedures to be
12 followed by the executive branch (~~for public funds~~). The allotment
13 and reserve procedures are applicable to all appropriations.

14 (1) An expenditure may not be incurred or obligation entered into
15 by any agency until the allotment of the funds to be expended has been
16 approved by the office of financial management. The office of
17 financial management may grant temporary expenditure authority
18 consistent with legislative appropriations prior to approval of
19 allotments.

20 (2) The allotment(~~s~~) of an appropriation for any fiscal period
21 shall conform to the terms, limits, or conditions of the appropriation.

22 (~~(+2)~~) (3) The director of financial management shall provide all
23 agencies with a complete set of (~~operating and capital~~) instructions
24 for preparing a statement of proposed expenditures at least thirty days
25 before the beginning of a fiscal period. The set of instructions need
26 not include specific appropriation amounts for the agency.

27 (~~(+3)~~) (4) Within forty-five days after the beginning of the
28 fiscal period or within forty-five days after the governor signs the
29 omnibus biennial operating appropriations act, the capital budget, or
30 the transportation budget, whichever is later, all agencies shall
31 submit to the governor a statement of proposed expenditures at such
32 times and in such form as may be required by the governor.

33 (~~(+4)~~) ~~The office of financial management shall develop a method for~~
34 ~~monitoring capital appropriations and expenditures that will capture at~~
35 ~~least the following elements:~~

1 ~~(a) Appropriations made for capital projects including~~
2 ~~transportation projects;~~

3 ~~(b) Estimates of total project costs including past, current,~~
4 ~~ensuing, and future biennial costs;~~

5 ~~(c) Comparisons of actual costs to estimated costs;~~

6 ~~(d) Comparisons of estimated construction start and completion~~
7 ~~dates with actual dates;~~

8 ~~(e) Documentation of fund shifts between projects.~~

9 ~~This data may be incorporated into the existing accounting system~~
10 ~~or into a separate project management system, as deemed appropriate by~~
11 ~~the office of financial management.~~

12 ~~(5) The office of financial management shall publish agency annual~~
13 ~~maintenance summary reports beginning in October 1997. State agencies~~
14 ~~shall submit a separate report for each major campus or site, as~~
15 ~~defined by the office of financial management. Reports shall be~~
16 ~~prepared in a format prescribed by the office of financial management~~
17 ~~and shall include, but not be limited to: Information describing the~~
18 ~~number, size, and condition of state owned facilities; facility~~
19 ~~maintenance, repair, and operating expenses paid from the state~~
20 ~~operating and capital budgets, including maintenance staffing levels;~~
21 ~~the condition of major infrastructure systems; and maintenance~~
22 ~~management initiatives undertaken by the agency over the prior year.~~
23 ~~Agencies shall submit their annual maintenance summary reports to the~~
24 ~~office of financial management by September 1 each year.~~

25 ~~(6) The office of financial management, prior to approving~~
26 ~~allotments for major capital construction projects valued over five~~
27 ~~million dollars, shall institute procedures for reviewing such projects~~
28 ~~at the predesign stage that will reduce long term costs and increase~~
29 ~~facility efficiency. The procedures shall include, but not be limited~~
30 ~~to, the following elements:~~

31 ~~(a) Evaluation of facility program requirements and consistency~~
32 ~~with long range plans;~~

33 ~~(b) Utilization of a system of cost, quality, and performance~~
34 ~~standards to compare major capital construction projects; and~~

35 ~~(c) A requirement to incorporate value engineering analysis and~~
36 ~~constructability review into the project schedule.~~

37 ~~(7) No expenditure may be incurred or obligation entered into for~~
38 ~~such major capital construction projects including, without exception,~~

1 ~~land acquisition, site development, predesign, design, construction,~~
2 ~~and equipment acquisition and installation, until the allotment of the~~
3 ~~funds to be expended has been approved by the office of financial~~
4 ~~management. This limitation does not prohibit the continuation of~~
5 ~~expenditures and obligations into the succeeding biennium for projects~~
6 ~~for which allotments have been approved in the immediate prior~~
7 ~~biennium.~~

8 ~~(8) If at any time during the fiscal period the governor projects~~
9 ~~a cash deficit in a particular fund or account as defined by RCW~~
10 ~~43.88.050, the governor shall make across the board reductions in~~
11 ~~allotments for that particular fund or account so as to prevent a cash~~
12 ~~deficit, unless the legislature has directed the liquidation of the~~
13 ~~cash deficit over one or more fiscal periods.)~~

14 (5) Except for the legislative and judicial branches and other
15 agencies headed by elective officials, the governor shall review the
16 statement of proposed operating expenditures for reasonableness and
17 conformance with legislative intent. The governor may only request
18 revision of proposed allotments submitted by the legislative and
19 judicial branches and agencies headed by elective officials if those
20 proposed allotments contain significant technical errors. Once the
21 governor approves the ~~((statements of))~~ proposed ~~((operating~~
22 ~~expenditures))~~ allotments, further revisions ~~((shall))~~ may at the
23 request of the office of financial management or upon the agency's
24 initiative be made ~~((only at the beginning of the second fiscal year~~
25 ~~and must be initiated by the governor))~~ on a quarterly basis and must
26 be accompanied by an explanation of the reasons for significant
27 changes. However, changes in appropriation level authorized by the
28 legislature, changes required by across-the-board reductions mandated
29 by the governor, changes caused by executive increases to spending
30 authority, and changes caused by executive decreases to spending
31 authority for failure to comply with the provisions of chapter 36.70A
32 RCW may require additional revisions. Revisions shall not be made
33 retroactively. ~~((Revisions caused by executive increases to spending~~
34 ~~authority shall not be made after June 30, 1987.))~~ However, the
35 governor may assign to a reserve status any portion of an agency
36 appropriation withheld as part of across-the-board reductions made by
37 the governor and any portion of an agency appropriation conditioned on

1 a contingent event by the appropriations act. The governor may remove
2 these amounts from reserve status if the across-the-board reductions
3 are subsequently modified or if the contingent event occurs.

4 ~~((The director of financial management shall enter approved
5 statements of proposed expenditures into the state budgeting,
6 accounting, and reporting system within forty five days after receipt
7 of the proposed statements from the agencies. If an agency or the
8 director of financial management is unable to meet these requirements,
9 the director of financial management shall provide a timely explanation
10 in writing to the legislative fiscal committees.~~

11 ~~(9) It is expressly provided that all agencies shall be required to
12 maintain accounting records and to report thereon in the manner
13 prescribed in this chapter and under the regulations issued pursuant to
14 this chapter. Within ninety days of the end of the fiscal year, all
15 agencies shall submit to the director of financial management their
16 final adjustments to close their books for the fiscal year. Prior to
17 submitting fiscal data, written or oral, to committees of the
18 legislature, it is the responsibility of the agency submitting the data
19 to reconcile it with the budget and accounting data reported by the
20 agency to the director of financial management.~~

21 ~~(10) The director of financial management shall monitor agency
22 operating expenditures against the approved statement of proposed
23 expenditures and shall provide the legislature with quarterly
24 explanations of major variances.~~

25 ~~(11) The director of financial management may exempt certain public
26 funds from the allotment controls established under this chapter if it
27 is not practical or necessary to allot the funds. Allotment control
28 exemptions expire at the end of the fiscal biennium for which they are
29 granted. The director of financial management shall report any
30 exemptions granted under this subsection to the legislative fiscal
31 committees.))~~

32 NEW SECTION. Sec. 33. A new section is added to chapter 43.88 RCW
33 to read as follows:

34 APPROVAL OF PROPOSED EXPENDITURE STATEMENTS. (1) The director of
35 financial management shall enter approved statements of proposed
36 operating expenditures into the state budgeting, accounting, and
37 reporting system within forty-five days after receipt of the proposed

1 statements from the agencies. If an agency or the director of
2 financial management is unable to meet these requirements, the director
3 of financial management shall provide a timely explanation in writing
4 to the legislative fiscal committees.

5 (2) The director of financial management shall monitor agency
6 operating expenditures against the approved statement of proposed
7 expenditures.

8 NEW SECTION. **Sec. 34.** A new section is added to chapter 43.88 RCW
9 to read as follows:

10 CLOSING BOOKS AT END OF FISCAL YEAR. It is expressly provided that
11 all agencies shall be required to maintain accounting records and to
12 report in the manner prescribed in this chapter and under the
13 regulations issued pursuant to this chapter. Within ninety days of the
14 end of the fiscal year, all agencies shall submit to the director of
15 financial management their final adjustments to close their books for
16 the fiscal year. Prior to submitting fiscal data, written or oral, to
17 committees of the legislature, it is the responsibility of the agency
18 submitting the data to reconcile it with the budget and accounting data
19 reported by the agency to the director of financial management.

20 NEW SECTION. **Sec. 35.** A new section is added to chapter 43.88 RCW
21 to read as follows:

22 ALLOTMENT CONTROL EXEMPTIONS. The director of financial management
23 may exempt certain public funds from the allotment controls established
24 under this chapter if it is not practical or necessary to allot the
25 funds. Allotment control exemptions expire at the end of the fiscal
26 biennium for which they are granted. The director of financial
27 management shall report any exemptions granted under this subsection to
28 the legislative fiscal committees.

29 NEW SECTION. **Sec. 36.** A new section is added to chapter 43.88 RCW
30 to read as follows:

31 CASH DEFICIT. (1) If at any time during the fiscal period the
32 governor projects a cash deficit in any fund or account, the governor
33 shall make across-the-board reductions in allotments for that
34 particular fund or account to prevent a cash deficit, unless the
35 governor projects that a cash deficit will be avoided prior to the end

1 of the fiscal period by adjustments in disbursements or receipts,
2 including legislative action, or the legislature has directed the
3 liquidation of the cash deficit over one or more fiscal periods. The
4 governor may make more than one across-the-board reduction as deemed
5 necessary to prevent the cash deficit.

6 (2) These across-the-board reductions shall also apply to
7 allotments for agencies headed by elected officials as well as to the
8 legislative and judicial branches of state government. The governor is
9 not limited in the number of across-the-board reductions he or she may
10 order to prevent a cash deficit.

11 (3) The governor may assign to a reserve status any portion of an
12 agency appropriation withheld as part of across-the-board reductions
13 made by the governor under this section. The governor shall remove
14 these amounts from reserve status if the across-the-board reductions
15 are subsequently modified.

16 (4) The following are not subject to an across the board reduction:

- 17 (a) Appropriations for basic education;
- 18 (b) Appropriations for funding necessary to make the state
19 retirement system actuarially sound; and
- 20 (c) Appropriations necessary to pay debt service on state bonds.

21 **STATE FISCAL MANAGEMENT AND CONTROL**

22 **Sec. 37.** RCW 43.88.160 and 2002 c 260 s 1 are each amended to read
23 as follows:

24 STATE ACCOUNTING SYSTEM. ~~((This section sets forth the major
25 fiscal duties and responsibilities of officers and agencies of the
26 executive branch.))~~ (1) The regulations issued by the governor pursuant
27 to this chapter shall provide for a comprehensive, orderly basis for
28 fiscal management and control, including efficient accounting and
29 reporting ~~((therefor))~~, for the executive branch of the state
30 government and may include, in addition, such requirements as will
31 generally promote more efficient public management in the state.

32 ~~((1) Governor; director of financial management.))~~ (2) The
33 governor, through the director of financial management, shall devise
34 and ~~((supervise))~~ maintain a ~~((modern and))~~ complete accounting system
35 for each agency to the end that all revenues, expenditures, receipts,
36 disbursements, resources, and obligations of the state shall be

1 properly and systematically accounted for. The accounting system shall
2 include the development of accurate, timely records and reports of all
3 financial affairs of the state. The system shall also provide for
4 central accounts in the office of financial management at the level of
5 detail deemed necessary by the director to perform central financial
6 management. The director of financial management shall adopt and
7 periodically update an accounting procedures manual. Any agency
8 maintaining its own accounting and reporting system shall comply with
9 the updated accounting procedures manual and the rules of the director
10 adopted under this chapter. An agency may receive a waiver from
11 complying with this requirement if the waiver is approved by the
12 director. Waivers expire at the end of the fiscal biennium for which
13 they are granted. The director shall forward notice of waivers granted
14 to the appropriate legislative fiscal committees. The director of
15 financial management may require such financial, statistical, and other
16 reports as the director deems necessary from all agencies covering any
17 period.

18 ~~((2) Except as provided in chapter 43.88C RCW, the director of~~
19 ~~financial management is responsible for quarterly reporting of primary~~
20 ~~operating budget drivers such as applicable workloads, caseload~~
21 ~~estimates, and appropriate unit cost data. These reports shall be~~
22 ~~transmitted to the legislative fiscal committees or by electronic means~~
23 ~~to the legislative evaluation and accountability program committee.~~
24 ~~Quarterly reports shall include actual monthly data and the variance~~
25 ~~between actual and estimated data to date. The reports shall also~~
26 ~~include estimates of these items for the remainder of the budget~~
27 ~~period.~~

28 ~~(3) The director of financial management shall report at least~~
29 ~~annually to the appropriate legislative committees regarding the status~~
30 ~~of all appropriated capital projects, including transportation~~
31 ~~projects, showing significant cost overruns or underruns. If funds are~~
32 ~~shifted from one project to another, the office of financial management~~
33 ~~shall also reflect this in the annual variance report. Once a project~~
34 ~~is complete, the report shall provide a final summary showing estimated~~
35 ~~start and completion dates of each project phase compared to actual~~
36 ~~dates, estimated costs of each project phase compared to actual costs,~~
37 ~~and whether or not there are any outstanding liabilities or unsettled~~
38 ~~claims at the time of completion.~~

1 ~~(4) In addition, the director of financial management, as agent of~~
2 ~~the governor, shall:~~

3 ~~(a) Develop and maintain a system of internal controls and internal~~
4 ~~audits comprising methods and procedures to be adopted by each agency~~
5 ~~that will safeguard its assets, check the accuracy and reliability of~~
6 ~~its accounting data, promote operational efficiency, and encourage~~
7 ~~adherence to prescribed managerial policies for accounting and~~
8 ~~financial controls. The system developed by the director shall include~~
9 ~~criteria for determining the scope and comprehensiveness of internal~~
10 ~~controls required by classes of agencies, depending on the level of~~
11 ~~resources at risk.~~

12 ~~Each agency head or authorized designee shall be assigned the~~
13 ~~responsibility and authority for establishing and maintaining internal~~
14 ~~audits following the standards of internal auditing of the institute of~~
15 ~~internal auditors;~~

16 ~~(b) Make surveys and analyses of agencies with the object of~~
17 ~~determining better methods and increased effectiveness in the use of~~
18 ~~manpower and materials; and the director shall authorize expenditures~~
19 ~~for employee training to the end that the state may benefit from~~
20 ~~training facilities made available to state employees;~~

21 ~~(c) Establish policies for allowing the contracting of child care~~
22 ~~services;~~

23 ~~(d) Report to the governor with regard to duplication of effort or~~
24 ~~lack of coordination among agencies;~~

25 ~~(e) Review any pay and classification plans, and changes~~
26 ~~thereunder, developed by any agency for their fiscal impact: PROVIDED,~~
27 ~~That none of the provisions of this subsection shall affect merit~~
28 ~~systems of personnel management now existing or hereafter established~~
29 ~~by statute relating to the fixing of qualifications requirements for~~
30 ~~recruitment, appointment, or promotion of employees of any agency. The~~
31 ~~director shall advise and confer with agencies including appropriate~~
32 ~~standing committees of the legislature as may be designated by the~~
33 ~~speaker of the house and the president of the senate regarding the~~
34 ~~fiscal impact of such plans and may amend or alter the plans, except~~
35 ~~that for the following agencies no amendment or alteration of the plans~~
36 ~~may be made without the approval of the agency concerned: Agencies~~
37 ~~headed by elective officials;~~

1 ~~(f) Fix the number and classes of positions or authorized employee~~
2 ~~years of employment for each agency and during the fiscal period amend~~
3 ~~the determinations previously fixed by the director except that the~~
4 ~~director shall not be empowered to fix the number or the classes for~~
5 ~~the following: Agencies headed by elective officials;~~

6 ~~(g) Adopt rules to effectuate provisions contained in (a) through~~
7 ~~(f) of this subsection.~~

8 ~~(5) The treasurer shall:~~

9 ~~(a) Receive, keep, and disburse all public funds of the state not~~
10 ~~expressly required by law to be received, kept, and disbursed by some~~
11 ~~other persons: PROVIDED, That this subsection shall not apply to those~~
12 ~~public funds of the institutions of higher learning which are not~~
13 ~~subject to appropriation;~~

14 ~~(b) Receive, disburse, or transfer public funds under the~~
15 ~~treasurer's supervision or custody;~~

16 ~~(c) Keep a correct and current account of all moneys received and~~
17 ~~disbursed by the treasurer, classified by fund or account;~~

18 ~~(d) Coordinate agencies' acceptance and use of credit cards and~~
19 ~~other payment methods, if the agencies have received authorization~~
20 ~~under RCW 43.41.180;~~

21 ~~(e) Perform such other duties as may be required by law or by~~
22 ~~regulations issued pursuant to this law.~~

23 ~~It shall be unlawful for the treasurer to disburse public funds in~~
24 ~~the treasury except upon forms or by alternative means duly prescribed~~
25 ~~by the director of financial management. These forms or alternative~~
26 ~~means shall provide for authentication and certification by the agency~~
27 ~~head or the agency head's designee that the services have been rendered~~
28 ~~or the materials have been furnished; or, in the case of loans or~~
29 ~~grants, that the loans or grants are authorized by law; or, in the case~~
30 ~~of payments for periodic maintenance services to be performed on state~~
31 ~~owned equipment, that a written contract for such periodic maintenance~~
32 ~~services is currently in effect; and the treasurer shall not be liable~~
33 ~~under the treasurer's surety bond for erroneous or improper payments so~~
34 ~~made. When services are lawfully paid for in advance of full~~
35 ~~performance by any private individual or business entity other than~~
36 ~~equipment maintenance providers or as provided for by RCW 42.24.035,~~
37 ~~such individual or entity other than central stores rendering such~~
38 ~~services shall make a cash deposit or furnish surety bond coverage to~~

1 ~~the state as shall be fixed in an amount by law, or if not fixed by~~
2 ~~law, then in such amounts as shall be fixed by the director of the~~
3 ~~department of general administration but in no case shall such required~~
4 ~~cash deposit or surety bond be less than an amount which will fully~~
5 ~~indemnify the state against any and all losses on account of breach of~~
6 ~~promise to fully perform such services. No payments shall be made in~~
7 ~~advance for any equipment maintenance services to be performed more~~
8 ~~than twelve months after such payment. Any such bond so furnished~~
9 ~~shall be conditioned that the person, firm or corporation receiving the~~
10 ~~advance payment will apply it toward performance of the contract. The~~
11 ~~responsibility for recovery of erroneous or improper payments made~~
12 ~~under this section shall lie with the agency head or the agency head's~~
13 ~~designee in accordance with regulations issued pursuant to this~~
14 ~~chapter. Nothing in this section shall be construed to permit a public~~
15 ~~body to advance funds to a private service provider pursuant to a grant~~
16 ~~or loan before services have been rendered or material furnished.~~

17 ~~(6) The state auditor shall:~~

18 ~~(a) Report to the legislature the results of current post audits~~
19 ~~that have been made of the financial transactions of each agency; to~~
20 ~~this end the auditor may, in the auditor's discretion, examine the~~
21 ~~books and accounts of any agency, official, or employee charged with~~
22 ~~the receipt, custody, or safekeeping of public funds. Where feasible~~
23 ~~in conducting examinations, the auditor shall utilize data and findings~~
24 ~~from the internal control system prescribed by the office of financial~~
25 ~~management. The current post audit of each agency may include a~~
26 ~~section on recommendations to the legislature as provided in (c) of~~
27 ~~this subsection.~~

28 ~~(b) Give information to the legislature, whenever required, upon~~
29 ~~any subject relating to the financial affairs of the state.~~

30 ~~(c) Make the auditor's official report on or before the thirty-~~
31 ~~first of December which precedes the meeting of the legislature. The~~
32 ~~report shall be for the last complete fiscal period and shall include~~
33 ~~determinations as to whether agencies, in making expenditures, complied~~
34 ~~with the laws of this state. The state auditor is authorized to~~
35 ~~perform or participate in performance verifications and performance~~
36 ~~audits as expressly authorized by the legislature in the omnibus~~
37 ~~biennial appropriations acts or in the performance audit work plan~~
38 ~~approved by the joint legislative audit and review committee. The~~

1 state auditor, upon completing an audit for legal and financial
2 compliance under chapter 43.09 RCW or a performance verification, may
3 report to the joint legislative audit and review committee or other
4 appropriate committees of the legislature, in a manner prescribed by
5 the joint legislative audit and review committee, on facts relating to
6 the management or performance of governmental programs where such facts
7 are discovered incidental to the legal and financial audit or
8 performance verification. The auditor may make such a report to a
9 legislative committee only if the auditor has determined that the
10 agency has been given an opportunity and has failed to resolve the
11 management or performance issues raised by the auditor. If the auditor
12 makes a report to a legislative committee, the agency may submit to the
13 committee a response to the report. This subsection (6) shall not be
14 construed to authorize the auditor to allocate other than de minimis
15 resources to performance audits except as expressly authorized in the
16 appropriations acts or in the performance audit work plan. The results
17 of a performance audit conducted by the state auditor that has been
18 requested by the joint legislative audit and review committee must only
19 be transmitted to the joint legislative audit and review committee.

20 (d) Be empowered to take exception to specific expenditures that
21 have been incurred by any agency or to take exception to other
22 practices related in any way to the agency's financial transactions and
23 to cause such exceptions to be made a matter of public record,
24 including disclosure to the agency concerned and to the director of
25 financial management. It shall be the duty of the director of
26 financial management to cause corrective action to be taken within six
27 months, such action to include, as appropriate, the withholding of
28 funds as provided in RCW 43.88.110. The director of financial
29 management shall annually report by December 31st the status of audit
30 resolution to the appropriate committees of the legislature, the state
31 auditor, and the attorney general. The director of financial
32 management shall include in the audit resolution report actions taken
33 as a result of an audit including, but not limited to, types of
34 personnel actions, costs and types of litigation, and value of recouped
35 goods or services.

36 (e) Promptly report any irregularities to the attorney general.

37 (f) Investigate improper governmental activity under chapter 42.40
38 RCW.

1 ~~(7) The joint legislative audit and review committee may:~~

2 ~~(a) Make post audits of the financial transactions of any agency~~
3 ~~and management surveys and program reviews as provided for in chapter~~
4 ~~44.28 RCW as well as performance audits and program evaluations. To~~
5 ~~this end the joint committee may in its discretion examine the books,~~
6 ~~accounts, and other records of any agency, official, or employee.~~

7 ~~(b) Give information to the legislature or any legislative~~
8 ~~committee whenever required upon any subject relating to the~~
9 ~~performance and management of state agencies.~~

10 ~~(c) Make a report to the legislature which shall include at least~~
11 ~~the following:~~

12 ~~(i) Determinations as to the extent to which agencies in making~~
13 ~~expenditures have complied with the will of the legislature and in this~~
14 ~~connection, may take exception to specific expenditures or financial~~
15 ~~practices of any agencies; and~~

16 ~~(ii) Such plans as it deems expedient for the support of the~~
17 ~~state's credit, for lessening expenditures, for promoting frugality and~~
18 ~~economy in agency affairs, and generally for an improved level of~~
19 ~~fiscal management.))~~

20 NEW SECTION. Sec. 38. A new section is added to chapter 43.88 RCW
21 to read as follows:

22 RESPONSIBILITIES OF THE DIRECTOR OF FINANCIAL MANAGEMENT. The
23 director of financial management, as agent of the governor, may:

24 (1) Develop and maintain a system of internal controls and internal
25 audits comprising methods and procedures to be adopted by each agency
26 that will safeguard its assets, check the accuracy and reliability of
27 its accounting data, promote operational efficiency, and encourage
28 adherence to prescribed managerial policies for accounting and
29 financial controls. The system developed by the director shall include
30 criteria for determining the scope and comprehensiveness of internal
31 controls required by classes of agencies, depending on the level of
32 resources at risk.

33 Each agency head or authorized designee shall be assigned the
34 responsibility and authority for establishing and maintaining internal
35 audits following the standards of internal auditing of the institute of
36 internal auditors;

1 (2) Make surveys and analyses of agencies with the object of
2 determining better methods and increased effectiveness in the use of
3 manpower and materials; and the director may authorize expenditures for
4 employee training to the end that the state may benefit from training
5 facilities made available to state employees;

6 (3) Report to the governor with regard to duplication of effort or
7 lack of coordination among agencies;

8 (4) Review any pay and classification plans, and changes developed
9 by any agency for their fiscal impact. None of the provisions of this
10 subsection shall affect merit systems of personnel management now
11 existing or hereafter established by statute relating to the fixing of
12 qualifications requirements for recruitment, appointment, or promotion
13 of employees of any agency. The director shall advise and confer with
14 agencies including appropriate standing committees of the legislature
15 as may be designated by the speaker of the house and the president of
16 the senate regarding the fiscal impact of such plans and may amend or
17 alter the plans, except that for agencies headed by elective officials
18 no amendment or alteration of the plans may be made without the
19 approval of the agency concerned;

20 (5) Fix the number and classes of positions or authorized employee
21 years of employment for each agency and during the fiscal period amend
22 the determinations previously fixed by the director except that the
23 director shall not be empowered to fix the number or the classes for
24 agencies headed by elective officials;

25 (6) Adopt rules to effectuate provisions contained in subsections
26 (1) through (5) of this section.

27 **STATE TREASURER**

28 NEW SECTION. **Sec. 39.** A new section is added to chapter 43.88 RCW
29 to read as follows:

30 (1) The treasurer shall:

31 (a) Receive, keep, and disburse all public funds of the state not
32 expressly required by law to be received, kept, and disbursed by some
33 other persons. This subsection does not apply to nonappropriated
34 public funds of higher education institutions;

35 (b) Receive, disburse, or transfer public funds under the
36 treasurer's supervision or custody;

1 (c) Keep a correct and current account of all moneys received and
2 disbursed by the treasurer, classified by fund or account;

3 (d) Coordinate agencies' acceptance and use of credit cards and
4 other payment methods, if the agencies have received authorization
5 under RCW 43.41.180;

6 (e) Perform such other duties as may be required by law or by
7 regulations issued pursuant to this law.

8 (2) It is unlawful for the treasurer to disburse public funds in
9 the treasury except upon forms or by alternative means duly prescribed
10 by the director of financial management. These forms or alternative
11 means shall provide for authentication and certification by the agency
12 head or the agency head's designee that (a) the services have been
13 rendered or the materials have been furnished; (b) in the case of loans
14 or grants, the loans or grants are authorized by law; or (c) in the
15 case of payments for periodic maintenance services to be performed on
16 state owned equipment, a written contract for such periodic maintenance
17 services is currently in effect. The treasurer shall not be liable
18 under the treasurer's surety bond for erroneous or improper payments
19 made under this subsection.

20 (3) When services are lawfully paid for in advance of full
21 performance by any private individual or business entity other than
22 equipment maintenance providers or as provided for by RCW 42.24.035,
23 the individual or entity other than central stores rendering the
24 services shall make a cash deposit or furnish surety bond coverage to
25 the state in an amount fixed by law, or if not fixed by law, then in
26 such amounts as shall be fixed by the director of the department of
27 general administration but in no case shall such required cash deposit
28 or surety bond be less than an amount which will fully indemnify the
29 state against any and all losses on account of breach of promise to
30 fully perform such services.

31 (4) No payments shall be made in advance for any equipment
32 maintenance services to be performed more than twelve months after such
33 payment. Any such bond so furnished shall be conditioned that the
34 person, firm or corporation receiving the advance payment will apply it
35 toward performance of the contract.

36 (5) The responsibility for recovery of erroneous or improper
37 payments made under this section shall lie with the agency head or the

1 agency head's designee in accordance with rules issued pursuant to this
2 chapter.

3 (6) This section does not permit a public body to advance funds to
4 a private service provider under a grant or loan before services have
5 been rendered or material furnished.

6 **STATE AUDITOR**

7 NEW SECTION. **Sec. 40.** A new section is added to chapter 43.88 RCW
8 to read as follows:

9 (1) The state auditor shall:

10 (a) Report to the legislature the results of current post audits
11 that have been made of the financial transactions of each agency. To
12 this end the auditor may, in the auditor's discretion, examine the
13 books and accounts of any agency, official, or employee charged with
14 the receipt, custody, or safekeeping of public funds. Where feasible
15 in conducting examinations, the auditor shall utilize data and findings
16 from the internal control system prescribed by the office of financial
17 management. The current post audit of each agency may include a
18 section on recommendations to the legislature as provided in subsection
19 (3) of this section.

20 (b) Give information to the legislature, whenever required, upon
21 any subject relating to the financial affairs of the state.

22 (c) Make the auditor's official report on or before the thirty-
23 first of December which precedes the legislative session. The report
24 shall be for the last complete fiscal period and shall include
25 determinations as to whether agencies, in making expenditures, complied
26 with the laws of this state.

27 (d) Be empowered to take exception to specific expenditures that
28 have been incurred by any agency or to take exception to other
29 practices related in any way to the agency's financial transactions and
30 to cause such exceptions to be made a matter of public record,
31 including disclosure to the agency concerned and to the director of
32 financial management. It shall be the duty of the director of
33 financial management to cause corrective action to be taken within six
34 months. This action may include, as appropriate, the withholding of
35 funds as provided in RCW 43.88.110 (as recodified by this act). The
36 director of financial management shall annually report by December 31st

1 the status of audit resolution to the appropriate committees of the
2 legislature, the state auditor, and the attorney general. The director
3 of financial management shall include in the audit resolution report
4 actions taken as a result of an audit including, but not limited to,
5 types of personnel actions, costs and types of litigation, and value of
6 recouped goods or services.

7 (e) Promptly report any irregularities to the attorney general.

8 (f) Investigate improper governmental activity under chapter 42.40
9 RCW.

10 (2) The state auditor is authorized to perform or participate in
11 performance verifications and performance audits as expressly
12 authorized by the legislature in the omnibus biennial appropriations
13 acts or in the performance audit work plan approved by the joint
14 legislative audit and review committee.

15 (3) The state auditor, upon completing an audit for legal and
16 financial compliance under chapter 43.09 RCW or a performance
17 verification, may report to the joint legislative audit and review
18 committee or other appropriate committees of the legislature, in a
19 manner prescribed by the joint legislative audit and review committee,
20 on facts relating to the management or performance of governmental
21 programs where such facts are discovered incidental to the legal and
22 financial audit or performance verification. The auditor may make such
23 a report to a legislative committee only if the auditor has determined
24 that the agency has been given an opportunity and has failed to resolve
25 the management or performance issues raised by the auditor. If the
26 auditor makes a report to a legislative committee, the agency may
27 submit to the committee a response to the report. This section shall
28 not be construed to authorize the auditor to allocate other than de
29 minimis resources to performance audits except as expressly authorized
30 in the appropriations acts or in the performance audit work plan. The
31 results of a performance audit conducted by the state auditor that has
32 been requested by the joint legislative audit and review committee must
33 only be transmitted to the joint legislative audit and review
34 committee.

35 **JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE**

1 (2) "Nonstate revenues" means any income or receipts received by
2 the state that are not included under subsection (1) of this section.
3 (3) "Unanticipated revenues" means income or receipts received by
4 the state that were not anticipated or expected at the time the
5 legislature approved the most recent budget.

6 **Sec. 43.** RCW 43.79.270 and 1998 c 177 s 1 are each amended to read
7 as follows:

8 UNANTICIPATED RECEIPTS--WHEN PERMITTED. (~~((1))~~) Whenever any
9 (~~(money)~~) nonstate revenues, including revenue from the federal
10 government, (~~((or from other sources,))~~) which (~~((was))~~) were not
11 anticipated in the operating or capital budgets approved by the
12 legislature (~~((has))~~) have actually been received and (~~((is))~~) are
13 designated to be spent for a specific purpose, the head of any
14 department, agency, board, or commission through which such an
15 expenditure shall be made is to submit to the governor a statement
16 (~~((which may be))~~) in the form (~~((of a request for an allotment~~
17 ~~amendment))~~) prescribed by the governor setting forth the facts
18 constituting the need for (~~((such))~~) the expenditure and the estimated
19 amount to be expended(~~((: PROVIDED, That no))~~). An expenditure under
20 this section shall not be made ((in excess of)) unless first approved
21 by the governor in accordance with RCW 43.79.280 (as recodified by this
22 act). Expenditures may not exceed the actual amount received, and
23 (~~((no))~~) the money (~~((shall))~~) may be expended only for (~~((any purpose~~
24 ~~except))~~) the specific purpose for which it was received. (~~((A copy of~~
25 ~~any proposal submitted to the governor to expend money from an~~
26 ~~appropriated fund or account in excess of appropriations provided by~~
27 ~~law which is based on the receipt of unanticipated revenues shall be~~
28 ~~submitted to the joint legislative audit and review committee and also~~
29 ~~to the standing committees on ways and means of the house and senate if~~
30 ~~the legislature is in session at the same time as it is transmitted to~~
31 ~~the governor.~~

32 ~~(2) Notwithstanding subsection (1) of this section, whenever money~~
33 ~~from any source that was not anticipated in the transportation budget~~
34 ~~approved by the legislature has actually been received and is~~
35 ~~designated to be spent for a specific purpose, the head of a~~
36 ~~department, agency, board, or commission through which the expenditure~~
37 ~~must be made shall submit to the governor a statement, which may be in~~

1 the form of a request for an allotment amendment, setting forth the
2 facts constituting the need for the expenditure and the estimated
3 amount to be expended. However, no expenditure may be made in excess
4 of the actual amount received, and no money may be expended for any
5 purpose except the specific purpose for which it was received. A copy
6 of any proposal submitted to the governor to expend money from an
7 appropriated transportation fund or account in excess of appropriations
8 provided by law that is based on the receipt of unanticipated revenues
9 must be submitted, at a minimum, to the standing committees on
10 transportation of the house and senate, if the legislature is in
11 session, at the same time as it is transmitted to the governor. During
12 the legislative interim, any such proposal must be submitted to the
13 legislative transportation committee.) Unanticipated revenues for
14 which there is no designated purpose are considered state revenue
15 subject to legislative appropriation. State revenues cannot be
16 expended as unanticipated receipts unless specifically authorized by
17 separate statutes.

18 **Sec. 44.** RCW 43.79.280 and 1998 c 177 s 2 are each amended to read
19 as follows:

20 APPROVING AND SPENDING UNANTICIPATED RECEIPTS. (1) ((If the
21 governor approves such estimate in whole or part, he shall endorse on
22 each copy of the statement his approval, together with a statement of
23 the amount approved in the form of an allotment amendment, and transmit
24 one copy to the head of the department, agency, board, or commission
25 authorizing the expenditure. An identical copy of the governor's
26 statement of approval and a statement of the amount approved for
27 expenditure shall be transmitted simultaneously to the joint
28 legislative audit and review committee and also to the standing
29 committee on ways and means of the house and senate of all executive
30 approvals of proposals to expend money in excess of appropriations
31 provided by law.

32 (2) If the governor approves an estimate with transportation
33 funding implications, in whole or part, he shall endorse on each copy
34 of the statement his approval, together with a statement of the amount
35 approved in the form of an allotment amendment, and transmit one copy
36 to the head of the department, agency, board, or commission authorizing
37 the expenditure. An identical copy of the governor's statement of

1 approval of a proposal to expend transportation money in excess of
2 appropriations provided by law and a statement of the amount approved
3 for expenditure must be transmitted simultaneously to the standing
4 committees on transportation of the house and senate. During the
5 legislative interim, all estimate approvals endorsed by the governor
6 along with a statement of the amount approved in the form of an
7 allotment amendment must be transmitted simultaneously to the
8 legislative transportation committee.) Once the governor receives a
9 proposal under RCW 43.79.270 (as recodified by this act) to spend money
10 because of the receipt of unanticipated revenues, the governor shall
11 transmit a copy of the proposal to the appropriate fiscal committees of
12 the house of representatives and senate and to the joint legislative
13 audit and review committee.

14 (2) The director of financial management may grant to a department,
15 agency, board, or commission the authority to expend unanticipated
16 receipts up to the actual amount received for a specific, designated
17 purpose. Before the governor approves an expenditure of unanticipated
18 revenues, the department, agency, board, or commission must demonstrate
19 to the governor's satisfaction how the expenditure of the unanticipated
20 revenues prevents the loss of funds or increased future costs, is
21 necessary for the public health and safety, or meets other criteria
22 that may be established by the governor. If the governor approves the
23 expenditure authority in whole or part, that information shall be made
24 available to the legislature.

25 CLARKE-MCNARY ACCOUNT

26 **Sec. 45.** RCW 43.88.550 and 1989 c 362 s 3 are each amended to read
27 as follows:

28 ~~((Based on schedules submitted by the director of financial~~
29 ~~management,)) If the director of financial management, in consultation
30 with the department of natural resources and the military department,
31 determines that the appropriations provided by the legislature for
32 fighting wildland fires are not sufficient to cover expenses incurred
33 for this purpose, the director shall provide schedules to the state
34 treasurer who shall transfer from the general fund--state((, or such
35 other funds as the state treasurer deems appropriate,)) to the Clarke-
36 McNary ((fund)) account such amounts as are necessary to meet~~

1 unbudgeted (~~(forest)~~) wildland fire fighting expenses. (~~(All amounts~~
2 ~~borrowed under the authority of this section shall be repaid to the~~
3 ~~appropriate fund, together with interest at a rate determined by the~~
4 ~~state treasurer to be equivalent to the return on investments of the~~
5 ~~state treasury during the period the amounts are borrowed.)~~) Any
6 amounts transferred from the general fund--state for this purpose are
7 considered general fund--state expenditures under chapter 43.135 RCW.

8 **REPEALERS**

9 NEW SECTION. **Sec. 46.** The following acts or parts of acts are
10 each repealed:

11 (1) RCW 43.88.050 (Cash deficit) and 1987 c 502 s 4 & 1965 c 8 s
12 43.88.050;

13 (2) RCW 43.88.067 (Fee and expense report--Impact of amounts
14 awarded to prevailing party in agency action) and 1999 c 372 s 10 &
15 1995 c 403 s 905;

16 (3) RCW 43.88.093 (Development of budget--Tourism development
17 division, department of community, trade, and economic development) and
18 1998 c 299 s 3;

19 (4) RCW 43.88.094 (Development of budget--Calculation--Tourism
20 development division, department of community, trade, and economic
21 development) and 1998 c 299 s 4;

22 (5) RCW 43.88.100 (Executive hearings) and 1965 c 8 s 43.88.100;

23 (6) RCW 43.88.120 (Revenue estimates) and 2000 2nd sp.s. c 4 s 13,
24 1991 c 358 s 3, 1987 c 502 s 6, 1984 c 138 s 10, 1981 c 270 s 8, 1973
25 1st ex.s. c 100 s 7, & 1965 c 8 s 43.88.120;

26 (7) RCW 43.88.122 (Transportation agency revenue forecasts--
27 Variances) and 2000 2nd sp.s. c 4 s 14 & 1991 c 358 s 7;

28 (8) RCW 43.88.205 (Federal funds and programs--Participating
29 agencies to give notice--Progress reports) and 1996 c 288 s 39, 1979 c
30 151 s 141, 1975 1st ex.s. c 293 s 10, 1973 2nd ex.s. c 17 s 3, & 1967
31 ex.s. c 41 s 4;

32 (9) RCW 43.88.280 (Fiscal responsibilities of state officers and
33 employees--"State officer or employee" defined) and 1977 ex.s. c 320 s
34 1;

35 (10) RCW 43.88.350 (Legal services revolving fund--General

1 administration services account--Approval of certain changes required)
2 and 1998 c 105 s 16 & 1981 c 270 s 14;

3 (11) RCW 43.88.500 (State boards, commissions, councils, and
4 committees--Legislative finding and declaration) and 1979 c 151 s 142
5 & 1977 c 23 s 1;

6 (12) RCW 43.88.505 (State boards, commissions, councils, and
7 committees--Compilation of list, information) and 1979 c 151 s 143 &
8 1977 c 23 s 2;

9 (13) RCW 43.88.510 (State boards, commissions, councils, and
10 committees--Submission of list and data to legislature) and 1996 c 288
11 s 42, 1987 c 505 s 37, 1979 c 151 s 144, & 1977 c 23 s 3;

12 (14) RCW 43.88.515 (State boards, commissions, councils, and
13 committees--Agencies to submit lists, information) and 1979 c 151 s 145
14 & 1977 c 23 s 4;

15 (15) RCW 43.88.560 (Information technology projects--Funding
16 policies and standards) and 1992 c 20 s 7;

17 (16) RCW 43.88.899 (Intent--Periodic review) and 1986 c 215 s 8;

18 (17) RCW 44.40.070 (State transportation agencies--Comprehensive
19 programs and financial plans) and 1998 c 245 s 87, 1988 c 167 s 10,
20 1979 ex.s. c 192 s 3, 1979 c 158 s 112, 1977 ex.s. c 235 s 9, & 1973
21 1st ex.s. c 201 s 1;

22 (18) RCW 44.40.080 (State transportation agencies--Recommended
23 budget--Preparation and presentation--Contents) and 1973 1st ex.s. c
24 201 s 2; and

25 (19) RCW 47.08.010 (Control of allocated funds) and 1984 c 7 s 92
26 & 1961 c 13 s 47.08.010.

27 NEW SECTION. **Sec. 47.** The following sections are codified or
28 recodified within chapter 43.88 RCW in the following order:

29 RCW 43.88.010.

30 (1) The following sections are codified or recodified and
31 designated as a subchapter of chapter 43.88 RCW under the subchapter
32 designation "Definitions":

33 RCW 43.88.020;

34 section 2 of this act; and

35 RCW 43.88.025.

36 (2) The following sections are codified or recodified and

1 designated as a subchapter of chapter 43.88 RCW under the subchapter
2 designation "Requirements Applicable to All Budgets":

3 section 3 of this act;
4 RCW 43.88.035;
5 RCW 43.88.060;
6 RCW 43.88.090;
7 section 7 of this act;
8 section 8 of this act;
9 RCW 43.88.070;
10 RCW 43.88.080;
11 RCW 43.88.130;
12 RCW 43.88.150;
13 RCW 43.88.170;
14 RCW 43.88.180;
15 RCW 43.88.190;
16 RCW 43.88.195;
17 RCW 43.88.250;
18 RCW 43.88.260;
19 section 17 of this act; and
20 section 18 of this act.

21 (3) The following sections are codified or recodified and
22 designated as a subchapter of chapter 43.88 RCW under the subchapter
23 designation "Operating Budget":

24 RCW 43.88.030;
25 section 20 of this act;
26 RCW 43.88.032; and
27 RCW 43.88.033.

28 (4) The following sections are codified or recodified and
29 designated as a subchapter of chapter 43.88 RCW under the subchapter
30 designation "Capital Budget":

31 RCW 43.88.0301;
32 section 22 of this act;
33 section 23 of this act;
34 section 24 of this act;
35 RCW 43.88.145; and
36 section 26 of this act.

37 (5) The following sections are codified and designated as a

1 subchapter of chapter 43.88 RCW under the subchapter designation
2 "Transportation":
3 section 27 of this act;
4 section 28 of this act;
5 section 29 of this act;
6 section 30 of this act; and
7 section 31 of this act.
8 (6) The following sections are codified or recodified and
9 designated as a subchapter of chapter 43.88 RCW under the subchapter
10 designation "Allotments":
11 RCW 43.88.110;
12 section 33 of this act;
13 section 34 of this act;
14 section 35 of this act; and
15 section 36 of this act.
16 (7) The following sections are codified or recodified and
17 designated as a subchapter of chapter 43.88 RCW under the subchapter
18 designation "State Fiscal Management and Control":
19 RCW 43.88.037;
20 RCW 43.88.160; and
21 section 38 of this act.
22 (8) The following sections are recodified and designated as a
23 subchapter of chapter 43.88 RCW under the subchapter designation
24 "Fiscal Responsibilities of State Officers and Employees":
25 RCW 43.88.270;
26 RCW 43.88.290;
27 RCW 43.88.300;
28 RCW 43.88.310; and
29 RCW 43.88.320.
30 (9) The following section is codified and designated as a
31 subchapter of chapter 43.88 RCW under the subchapter designation "State
32 Treasurer":
33 section 39 of this act.
34 (10) The following sections are codified or recodified and
35 designated as a subchapter of chapter 43.88 RCW under the subchapter
36 designation "State Auditor":
37 section 40 of this act; and
38 RCW 43.88.570.

1 (11) The following section is codified and designated as a
2 subchapter of chapter 43.88 RCW under the subchapter designation "Joint
3 Legislative Audit and Review Committee":

4 section 41 of this act.

5 (12) The following sections are codified or recodified and
6 designated as a subchapter of chapter 43.88 RCW under the subchapter
7 designation "Unanticipated Receipts":

8 section 42 of this act;

9 RCW 43.79.270; and

10 RCW 43.79.280.

11 (13) The following section is recodified and designated as a
12 subchapter of chapter 43.88 RCW under the subchapter designation
13 "Clarke-McNary Account":

14 RCW 43.88.550.

15 (14) The following sections are recodified and designated as a
16 subchapter of chapter 43.88 RCW under the subchapter designation
17 "Exceptions to Application of Chapter":

18 RCW 43.88.240; and

19 RCW 43.88.265.

20 (15) The following sections are recodified and designated as a
21 subchapter of chapter 43.88 RCW under the subchapter designation
22 "Miscellaneous":

23 RCW 43.88.027;

24 RCW 43.88.140;

25 RCW 43.88.175;

26 RCW 43.88.200;

27 RCW 43.88.210;

28 RCW 43.88.220;

29 RCW 43.88.230;

30 RCW 43.88.901;

31 RCW 43.88.902;

32 RCW 43.88.903; and

33 RCW 43.88.910.

34 NEW SECTION. **Sec. 48.** Captions and subchapter headings as used in
35 this act are not part of the law.

--- END ---