

# SENATE BILL REPORT

## SB 6471

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As of January 27, 2006

**Title:** An act relating to a rainy day reserve fund.

**Brief Description:** Implementing a proposed constitutional amendment creating a rainy day reserve fund.

**Sponsors:** Senators Zarelli, Hewitt, Sheldon, Parlette, Brandland, Stevens, Morton, Finkbeiner, Schmidt, Pflug, Esser, Carrell, Mulliken, Schoesler, Benton, Deccio, Oke, Honeyford, Johnson and Roach.

**Brief History:**

**Committee Activity:** Ways & Means: 2/1/06.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Steve Jones (786-7440)

**Background:** Initiative 601, adopted by the voters in 1993, established by statute a State General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all State General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

**Summary of Bill:** Statutes are enacted to implement Senate Joint Resolution 8222, contingent on the voters' approval of the proposed state constitutional amendment at the November 2006 general election.

The Rainy Day Reserve Fund is established in the state treasury, to be invested by the State Investment Board.

When the Rainy Day Reserve Fund exceeds ten percent of general state revenues, withdrawals may be made by a majority vote of the Legislature. If unfunded liabilities exist in the state retirement system, such withdrawals may be made only for the purpose of funding these liabilities.

Forecasts and estimates of state employment growth and general state revenues as required under the constitutional amendment shall be performed by the Economic and Revenue Forecast Council.

The Rainy Day Reserve Fund retains its investment earnings.

The Emergency Reserve Fund is repealed. The balance of the fund is transferred to the Rainy Day Reserve Fund.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on June 1, 2007, and is contingent on the enactment of Senate Joint Resolution 8222.