
HOUSE BILL 2674

State of Washington

59th Legislature

2006 Regular Session

By Representatives Sommers, Crouse, Fromhold, Conway, Kenney, McCoy, Dickerson, Clibborn, Roberts, Moeller, McIntire, Hudgins, Linville, Lantz and Upthegrove

Read first time 01/12/2006. Referred to Committee on Appropriations.

1 AN ACT Relating to creating the pension stabilization account;
2 amending RCW 43.135.035 and 43.135.035; adding a new section to chapter
3 41.45 RCW; providing an effective date; and providing an expiration
4 date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.45 RCW
7 to read as follows:

8 The pension stabilization account is created in the state treasury.
9 Moneys in the account may be spent only after appropriation.
10 Expenditures from the account may be used for amortizing unfunded
11 accrued actuarial liability in the state pension systems.

12 **Sec. 2.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read
13 as follows:

14 (1) After July 1, 1995, any action or combination of actions by the
15 legislature that raises state revenue or requires revenue-neutral tax
16 shifts may be taken only if approved by a two-thirds vote of each
17 house, and then only if state expenditures in any fiscal year,
18 including the new revenue, will not exceed the state expenditure limits

1 established under this chapter. However, for legislation enacted
2 between the effective date of this 2005 act and June 30, 2007, any
3 action or combination of actions by the legislature that raises state
4 revenue or requires revenue-neutral tax shifts may be taken with the
5 approval of a majority of members elected to each house, so long as
6 state expenditures in any fiscal year, including the new revenue, will
7 not exceed the state expenditure limits established under this chapter.

8 (2)(a) If the legislative action under subsection (1) of this
9 section will result in expenditures in excess of the state expenditure
10 limit, then the action of the legislature shall not take effect until
11 approved by a vote of the people at a November general election. The
12 state expenditure limit committee shall adjust the state expenditure
13 limit by the amount of additional revenue approved by the voters under
14 this section. This adjustment shall not exceed the amount of revenue
15 generated by the legislative action during the first full fiscal year
16 in which it is in effect. The state expenditure limit shall be
17 adjusted downward upon expiration or repeal of the legislative action.

18 (b) The ballot title for any vote of the people required under this
19 section shall be substantially as follows:

20 "Shall taxes be imposed on in order to allow a
21 spending increase above last year's authorized spending adjusted for
22 inflation and population increases?"

23 (3)(a) The state expenditure limit may be exceeded upon declaration
24 of an emergency for a period not to exceed twenty-four months by a law
25 approved by a two-thirds vote of each house of the legislature and
26 signed by the governor. The law shall set forth the nature of the
27 emergency, which is limited to natural disasters that require immediate
28 government action to alleviate human suffering and provide humanitarian
29 assistance. The state expenditure limit may be exceeded for no more
30 than twenty-four months following the declaration of the emergency and
31 only for the purposes contained in the emergency declaration.

32 (b) Additional taxes required for an emergency under this section
33 may be imposed only until thirty days following the next general
34 election, unless an extension is approved at that general election.
35 The additional taxes shall expire upon expiration of the declaration of
36 emergency. The legislature shall not impose additional taxes for
37 emergency purposes under this subsection unless funds in the education
38 construction fund have been exhausted.

1 (c) The state or any political subdivision of the state shall not
2 impose any tax on intangible property listed in RCW 84.36.070 as that
3 statute exists on January 1, 1993.

4 (4) If the cost of any state program or function is shifted from
5 the state general fund on or after January 1, 1993, to another source
6 of funding, or if moneys are transferred from the state general fund to
7 another fund or account, the state expenditure limit committee, acting
8 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
9 to reflect the shift. For the purposes of this section, a transfer of
10 money from the state general fund to another fund or account includes
11 any state legislative action taken that has the effect of reducing
12 revenues from a particular source, where such revenues would otherwise
13 be deposited into the state general fund, while increasing the revenues
14 from that particular source to another state or local government
15 account. This subsection does not apply to the dedication or use of
16 lottery revenues under RCW 67.70.240(3) or property taxes under RCW
17 84.52.068, in support of education or education expenditures. This
18 subsection does not apply to transfers to the pension stabilization
19 account for purposes of amortizing the unfunded accrued actuarial
20 liability in the state pension systems.

21 (5) If the cost of any state program or function is shifted to the
22 state general fund on or after January 1, 2000, from another source of
23 funding, or if moneys are transferred to the state general fund from
24 another fund or account, the state expenditure limit committee, acting
25 pursuant to RCW 43.135.025(5), shall increase the state expenditure
26 limit to reflect the shift.

27 **Sec. 3.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
28 as follows:

29 (1) After July 1, 1995, any action or combination of actions by the
30 legislature that raises state revenue or requires revenue-neutral tax
31 shifts may be taken only if approved by a two-thirds vote of each
32 house, and then only if state expenditures in any fiscal year,
33 including the new revenue, will not exceed the state expenditure limits
34 established under this chapter.

35 (2)(a) If the legislative action under subsection (1) of this
36 section will result in expenditures in excess of the state expenditure
37 limit, then the action of the legislature shall not take effect until

1 approved by a vote of the people at a November general election. The
2 state expenditure limit committee shall adjust the state expenditure
3 limit by the amount of additional revenue approved by the voters under
4 this section. This adjustment shall not exceed the amount of revenue
5 generated by the legislative action during the first full fiscal year
6 in which it is in effect. The state expenditure limit shall be
7 adjusted downward upon expiration or repeal of the legislative action.

8 (b) The ballot title for any vote of the people required under this
9 section shall be substantially as follows:

10 "Shall taxes be imposed on in order to allow a
11 spending increase above last year's authorized spending adjusted for
12 personal income growth?"

13 (3)(a) The state expenditure limit may be exceeded upon declaration
14 of an emergency for a period not to exceed twenty-four months by a law
15 approved by a two-thirds vote of each house of the legislature and
16 signed by the governor. The law shall set forth the nature of the
17 emergency, which is limited to natural disasters that require immediate
18 government action to alleviate human suffering and provide humanitarian
19 assistance. The state expenditure limit may be exceeded for no more
20 than twenty-four months following the declaration of the emergency and
21 only for the purposes contained in the emergency declaration.

22 (b) Additional taxes required for an emergency under this section
23 may be imposed only until thirty days following the next general
24 election, unless an extension is approved at that general election.
25 The additional taxes shall expire upon expiration of the declaration of
26 emergency. The legislature shall not impose additional taxes for
27 emergency purposes under this subsection unless funds in the education
28 construction fund have been exhausted.

29 (c) The state or any political subdivision of the state shall not
30 impose any tax on intangible property listed in RCW 84.36.070 as that
31 statute exists on January 1, 1993.

32 (4) If the cost of any state program or function is shifted from
33 the state general fund or a related fund to another source of funding,
34 or if moneys are transferred from the state general fund or a related
35 fund to another fund or account, the state expenditure limit committee,
36 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
37 limit to reflect the shift. For the purposes of this section, a
38 transfer of money from the state general fund or a related fund to

1 another fund or account includes any state legislative action taken
2 that has the effect of reducing revenues from a particular source,
3 where such revenues would otherwise be deposited into the state general
4 fund or a related fund, while increasing the revenues from that
5 particular source to another state or local government account. This
6 subsection does not apply to the dedication or use of lottery revenues
7 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in
8 support of education or education expenditures. This subsection does
9 not apply to transfers to the pension stabilization account for
10 purposes of amortizing the unfunded accrued actuarial liability in the
11 state pension systems.

12 (5) If the cost of any state program or function and the ongoing
13 revenue necessary to fund the program or function are shifted to the
14 state general fund or a related fund on or after January 1, 2007, the
15 state expenditure limit committee, acting pursuant to RCW
16 43.135.025(5), shall increase the state expenditure limit to reflect
17 the shift.

18 NEW SECTION. Sec. 4. Section 2 of this act expires July 1, 2007.

19 NEW SECTION. Sec. 5. Section 3 of this act takes effect July 1,
20 2007.

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