
HOUSE BILL 3289

State of Washington 59th Legislature 2006 Regular Session

By Representatives Haigh and Alexander

Read first time 02/01/2006. Referred to Committee on Appropriations.

1 AN ACT Relating to repayment of capital accounts from operating
2 funds; amending RCW 43.135.035 and 43.135.035; adding a new section to
3 chapter 43.155 RCW; creating a new section; providing an effective
4 date; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the public works
7 trust fund program has financed critical local government
8 infrastructure projects since it was created by the legislature in
9 1985. For over twenty years, the public works board has provided funds
10 that have enabled local governments to meet their infrastructure needs,
11 including storm and sewer projects, flood control, and road and water
12 improvements. The public works assistance account has grown over the
13 years and the current account is comprised of loan repayments and
14 revenue from a portion of the real estate excise tax, and utility and
15 sales taxes on water, sewer service, and garbage collection. The
16 public works board has determined that legislative actions in the 2005
17 session that diverted funds from the public works assistance account to
18 other priorities, including job development through infrastructure
19 improvements and assistance to local governments, has resulted in

1 decisions to reduce maximum loan limits and has limited the number of
2 projects that may be funded through the public works trust fund
3 program. Therefore, it is the intent of the legislature to provide
4 funding over three biennia to the public works assistance account in
5 order to replace funds diverted from the account by previous actions.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.155 RCW
7 to read as follows:

8 Beginning July 1, 2006, for six fiscal years through June 30, 2012,
9 the state treasurer shall transfer the sum of twenty-five million
10 dollars each fiscal year from the state general fund to the public
11 works assistance account established in RCW 43.155.050, for a total of
12 one hundred fifty million dollars.

13 **Sec. 3.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read
14 as follows:

15 (1) After July 1, 1995, any action or combination of actions by the
16 legislature that raises state revenue or requires revenue-neutral tax
17 shifts may be taken only if approved by a two-thirds vote of each
18 house, and then only if state expenditures in any fiscal year,
19 including the new revenue, will not exceed the state expenditure limits
20 established under this chapter. However, for legislation enacted
21 between the effective date of this 2005 act and June 30, 2007, any
22 action or combination of actions by the legislature that raises state
23 revenue or requires revenue-neutral tax shifts may be taken with the
24 approval of a majority of members elected to each house, so long as
25 state expenditures in any fiscal year, including the new revenue, will
26 not exceed the state expenditure limits established under this chapter.

27 (2)(a) If the legislative action under subsection (1) of this
28 section will result in expenditures in excess of the state expenditure
29 limit, then the action of the legislature shall not take effect until
30 approved by a vote of the people at a November general election. The
31 state expenditure limit committee shall adjust the state expenditure
32 limit by the amount of additional revenue approved by the voters under
33 this section. This adjustment shall not exceed the amount of revenue
34 generated by the legislative action during the first full fiscal year
35 in which it is in effect. The state expenditure limit shall be
36 adjusted downward upon expiration or repeal of the legislative action.

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

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

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

15 (b) Additional taxes required for an emergency under this section
16 may be imposed only until thirty days following the next general
17 election, unless an extension is approved at that general election.
18 The additional taxes shall expire upon expiration of the declaration of
19 emergency. The legislature shall not impose additional taxes for
20 emergency purposes under this subsection unless funds in the education
21 construction fund have been exhausted.

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

25 (4) If the cost of any state program or function is shifted from
26 the state general fund on or after January 1, 1993, to another source
27 of funding, or if moneys are transferred from the state general fund to
28 another fund or account, the state expenditure limit committee, acting
29 pursuant to RCW 43.135.025(5), shall lower the state expenditure limit
30 to reflect the shift. For the purposes of this section, a transfer of
31 money from the state general fund to another fund or account includes
32 any state legislative action taken that has the effect of reducing
33 revenues from a particular source, where such revenues would otherwise
34 be deposited into the state general fund, while increasing the revenues
35 from that particular source to another state or local government
36 account. This subsection does not apply to the dedication or use of
37 lottery revenues under RCW 67.70.240(3) or property taxes under RCW
38 84.52.068, in support of education or education expenditures. This

1 subsection does not apply to the transfer of general fund revenues
2 under section 2 of this act, in support of the public works trust fund
3 or public works trust fund expenditures.

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

10 **Sec. 4.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to read
11 as follows:

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

18 (2)(a) If the legislative action under subsection (1) of this
19 section will result in expenditures in excess of the state expenditure
20 limit, then the action of the legislature shall not take effect until
21 approved by a vote of the people at a November general election. The
22 state expenditure limit committee shall adjust the state expenditure
23 limit by the amount of additional revenue approved by the voters under
24 this section. This adjustment shall not exceed the amount of revenue
25 generated by the legislative action during the first full fiscal year
26 in which it is in effect. The state expenditure limit shall be
27 adjusted downward upon expiration or repeal of the legislative action.

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

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

33 (3)(a) The state expenditure limit may be exceeded upon declaration
34 of an emergency for a period not to exceed twenty-four months by a law
35 approved by a two-thirds vote of each house of the legislature and
36 signed by the governor. The law shall set forth the nature of the
37 emergency, which is limited to natural disasters that require immediate

1 government action to alleviate human suffering and provide humanitarian
2 assistance. The state expenditure limit may be exceeded for no more
3 than twenty-four months following the declaration of the emergency and
4 only for the purposes contained in the emergency declaration.

5 (b) Additional taxes required for an emergency under this section
6 may be imposed only until thirty days following the next general
7 election, unless an extension is approved at that general election.
8 The additional taxes shall expire upon expiration of the declaration of
9 emergency. The legislature shall not impose additional taxes for
10 emergency purposes under this subsection unless funds in the education
11 construction fund have been exhausted.

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

15 (4) If the cost of any state program or function is shifted from
16 the state general fund or a related fund to another source of funding,
17 or if moneys are transferred from the state general fund or a related
18 fund to another fund or account, the state expenditure limit committee,
19 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
20 limit to reflect the shift. For the purposes of this section, a
21 transfer of money from the state general fund or a related fund to
22 another fund or account includes any state legislative action taken
23 that has the effect of reducing revenues from a particular source,
24 where such revenues would otherwise be deposited into the state general
25 fund or a related fund, while increasing the revenues from that
26 particular source to another state or local government account. This
27 subsection does not apply to the dedication or use of lottery revenues
28 under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in
29 support of education or education expenditures. This subsection does
30 not apply to the transfer of general fund revenues under section 2 of
31 this act, in support of the public works trust fund or public works
32 trust fund expenditures.

33 (5) If the cost of any state program or function and the ongoing
34 revenue necessary to fund the program or function are shifted to the
35 state general fund or a related fund on or after January 1, 2007, the
36 state expenditure limit committee, acting pursuant to RCW
37 43.135.025(5), shall increase the state expenditure limit to reflect
38 the shift.

1 NEW SECTION. **Sec. 5.** (1) Section 2 of this act expires July 1,
2 2012.

3 (2) Section 3 of this act expires July 1, 2007.

4 NEW SECTION. **Sec. 6.** Section 4 of this act takes effect July 1,
5 2007.

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