
Appropriations Committee

ESSB 5311

Brief Description: Creating the budget stabilization account.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Prentice, Marr, Tom, McAuliffe and Kilmer; by request of Governor Gregoire).

<p style="text-align: center;">Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Establishes a Budget Stabilization Account, into which 1 percent of general state revenues is deposited annually.
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Hearing Date: 4/16/07

Staff: Kristen Fraser (786-7148).

Background:

Initiative 601, adopted by the voters in 1993, established by statute a state General Fund (GFS) expenditure limit and created the Emergency Reserve Fund (ERF). All GFS revenues in excess of the state expenditure limit are deposited in the ERF. (After July 1, 2007, GFS revenues in excess of GFS's proportionate share of expenditures from the GFS and related funds will be deposited in the Emergency Reserve Fund.) Appropriations from the ERF require a two-thirds vote of both houses of the Legislature.

I-601 established an expenditure limit that applies to the GFS, and, after July 1, 2007, also to certain related funds. Under the expenditure limit laws, the limit is lowered if moneys are transferred from the GFS or a related fund to another fund or account, or if program costs are shifted from the GFS or a related fund to another fund or account.

The term "general state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. General state revenues thus consist of all revenues to the state GFS, with the exception of property tax revenues, which are dedicated to the common school system.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Budget Stabilization Account is established in the state treasury. Each fiscal year, 1 percent of general state revenues are deposited in the Budget Stabilization Account.

The Budget Stabilization Account is managed and invested by the State Investment Board. Net investment earnings are retained by the account.

Employment forecasts and revenue estimates relating to the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

Transfers to, and expenditures from, the Budget Stabilization Account do not affect the state expenditure limit.

The Emergency Reserve Fund is abolished, and any moneys in it are transferred to the Budget Stabilization Account.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Section 1 takes effect immediately. The remainder of the bill takes effect if constitutional amendment ESSJR 8206 is approved by both houses of the Legislature and the voters at the November 2007 general election.