

# SENATE BILL REPORT

## HB 1137

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As Reported By Senate Committee On:  
Ways & Means, March 15, 2007

**Title:** An act relating to creating the water quality capital account.

**Brief Description:** Creating the water quality capital account.

**Sponsors:** Representatives Fromhold, McDonald, Ormsby, Moeller and Haler; by request of Office of Financial Management.

**Brief History:** Passed House: 3/07/07, 95-0.

**Committee Activity:** Ways & Means: 3/15/07 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Oemig, Parlette, Rasmussen, Regala, Rockefeller, Schoesler and Tom.

**Staff:** Kirstan Arestad (786-7708)

**Background:** Initiative 601, enacted by the voters in 1993, established an annual limit on expenditures from the state General Fund. Legislation enacted in 2005 (Substitute Senate Bill 6078) extended the annual state expenditure limit to accounts other than the state General Fund: Health Services Account; Violence Reduction & Drug Enforcement Account; Public Safety & Education Account; Water Quality Account; and Student Achievement Fund.

The Water Quality Account (WQA) is administered by the Department of Ecology and may be used to make grants or loans to public bodies for water pollution control facilities and related activities. Under the 2005 legislation, the WQA is now a "near General Fund" account and is appropriated on an annual basis.

Historically, the WQA was not subject to the annual expenditure limit and was used for both operating and capital budget expenditures. Capital projects often exceed fiscal year (annual) timelines due to uncertainty in construction schedules. As an annually appropriated account, funds from the WQA not spent during a specified fiscal year would lapse, and would require an additional appropriation for capital projects not completed.

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Under the terms of Initiative 601, the expenditure limit is reduced to the extent that actual expenditures are less than appropriations. Because under expenditures frequently occur in capital projects due to construction uncertainties, significant reductions in the expenditure limit would result.

**Summary of Bill:** Effective July 1, 2007, the Water Quality Capital Account (WQCA) is created. Expenditures from the WQCA may only be used after appropriation and for purposes consistent with expenditures authorized with WQA. It is anticipated that WQA appropriations for capital projects will be deposited to the WQCA, thereby preventing any lapsing of WQA funds.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2007.

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.