

SENATE BILL REPORT

SJR 8209

As Passed Senate, March 12, 2009

Brief Description: Requiring extraordinary revenue growth to be transferred to the budget stabilization account.

Sponsors: Senators Zarelli, Brown, Pflug, Carrell, Parlette, Swecker, Hewitt, Morton, Delvin, Stevens, King, Schoesler, Brandland and Becker.

Brief History:

Committee Activity: Ways & Means: 2/03/09, 3/02/09 [DP, w/oRec].
Passed Senate: 3/12/09, 41-7.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, Murray, Oemig, Parlette, Pridemore, Regala, Rockefeller and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator McDermott.

Staff: Steve Jones (786-7440)

Background: The state Constitution was amended in 2007 to establish a Budget Stabilization Account. Each fiscal year, 1 percent of general state revenues are deposited to the Budget Stabilization Account. "General state revenues" is defined in the state Constitution as all state revenues that are not dedicated to a particular purpose. Thus, general state revenues consist of all revenues to the state General Fund, with the exception of property tax revenues, which are dedicated to the common school system.

Monies may be appropriated from the Budget Stabilization Account by a majority vote of each house of the Legislature if: (1) forecasted state employment growth for any fiscal year is less than 1 percent; or (2) the Governor declares an emergency resulting from a catastrophic event that requires government action to protect life or public safety. Other withdrawals from the Budget Stabilization Account may be made only by a three-fifths vote

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of the Legislature.

To the extent that the balance of the Budget Stabilization Account exceeds 10 percent of general state revenues, the Legislature may appropriate the excess balance to the Education Construction Fund (which is statutorily dedicated to K-12 and higher education construction projects).

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

Summary of Bill: At the end of each fiscal biennium, any extraordinary growth in state revenue is transferred to the Budget Stabilization Account. "Extraordinary revenue growth" is defined as the amount by which the growth in general state revenues exceeds by one-third the average biennial growth in general state revenues over the prior five biennia. The transfer of extraordinary revenue growth will be made only to the extent that it exceeds the automatic 1 percent transfer of general state revenues.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Upon approval by the voters.

Staff Summary of Public Testimony: PRO: The measure ensures a fiscally adequate reserve for budget emergencies and provides greater fiscal accountability and transparency. Increasing the deposits to the Budget Stabilization Account will redirect extraordinary revenue gains during good times to help the state budget during bad times.

Persons Testifying: PRO: Amber Carter, Association of Washington Business.