
HOUSE BILL 1656

State of Washington

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By Representatives Dammeier, Alexander, Bailey, Herrera, Angel, Newhouse, Hope, Kristiansen, McCune, Walsh, Short, Ross, Schmick, Haler, Roach, Smith, Klippert, Shea, Ericksen, Condotta, Pearson, Cox, Orcutt, Johnson, Anderson, Priest, Hinkle, Warnick, Kretz, Parker, Rodne, Campbell, and Armstrong

Read first time 01/27/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to the near general fund and requiring revenue
2 forecasts thereof; amending RCW 82.33.020, 43.135.025, 43.79.460,
3 43.79.465, 43.08.250, 43.72.900, 70.146.030, and 83.100.230; reenacting
4 and amending RCW 69.50.520 and 43.135.045; providing an effective date;
5 and declaring an emergency.

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

7 **Sec. 1.** RCW 82.33.020 and 2005 c 319 s 137 are each amended to
8 read as follows:

9 (1) Four times each year the supervisor shall prepare, subject to
10 the approval of the economic and revenue forecast council under RCW
11 82.33.010:

12 (a) An official state economic and revenue forecast that includes
13 all near general fund revenues as defined in RCW 43.135.025;

14 (b) An unofficial state economic and revenue forecast based on
15 optimistic economic and revenue projections; and

16 (c) An unofficial state economic and revenue forecast based on
17 pessimistic economic and revenue projections.

18 (2) The supervisor shall submit forecasts prepared under this
19 section, along with any unofficial forecasts provided under RCW

1 82.33.010, to the governor and the members of the committees on ways
2 and means and the chairs of the committees on transportation of the
3 senate and house of representatives, including one copy to the staff of
4 each of the committees, on or before November 20th, February 20th in
5 the even-numbered years, March 20th in the odd-numbered years, June
6 20th, and September 20th. All forecasts shall include both estimated
7 receipts and estimated revenues in conformance with generally accepted
8 accounting principles as provided by RCW 43.88.037.

9 (3) All agencies of state government shall provide to the
10 supervisor immediate access to all information relating to economic and
11 revenue forecasts. Revenue collection information shall be available
12 to the supervisor the first business day following the conclusion of
13 each collection period.

14 (4) The economic and revenue forecast supervisor and staff shall
15 co-locate and share information, data, and files with the tax research
16 section of the department of revenue but shall not duplicate the duties
17 and functions of one another.

18 (5) As part of its forecasts under subsection (1) of this section,
19 the supervisor shall provide estimated revenue from tuition fees as
20 defined in RCW 28B.15.020.

21 **Sec. 2.** RCW 43.135.025 and 2005 c 72 s 4 are each amended to read
22 as follows:

23 (1) The state shall not expend from the near general fund (~~and~~
24 ~~related funds~~) during any fiscal year state moneys in excess of the
25 state expenditure limit established under this chapter.

26 (2) Except pursuant to a declaration of emergency under RCW
27 43.135.035 or pursuant to an appropriation under RCW
28 43.135.045(~~(4)(b)~~) (2)(b), the state treasurer shall not issue or
29 redeem any check, warrant, or voucher that will result in a (~~state~~)
30 near general fund (~~or related fund~~) expenditure for any fiscal year
31 in excess of the state expenditure limit established under this
32 chapter. A violation of this subsection constitutes a violation of RCW
33 43.88.290 and shall subject the state treasurer to the penalties
34 provided in RCW 43.88.300.

35 (3) The state expenditure limit for any fiscal year shall be the
36 previous fiscal year's state expenditure limit increased by a
37 percentage rate that equals the fiscal growth factor.

1 (4) For purposes of computing the state expenditure limit for the
2 fiscal year beginning July 1, (~~(2007)~~) 2009, the phrase "the previous
3 fiscal year's state expenditure limit" means the total state
4 expenditures from the (~~(state)~~) near general fund (~~(and related~~
5 ~~funds)~~), not including federal funds, for the fiscal year beginning
6 July 1, (~~(2006)~~) 2008, plus the fiscal growth factor.

7 (5) A state expenditure limit committee is established for the
8 purpose of determining and adjusting the state expenditure limit as
9 provided in this chapter. The members of the state expenditure limit
10 committee are the director of financial management, the attorney
11 general or the attorney general's designee, and the chairs and ranking
12 minority members of the senate committee on ways and means and the
13 house of representatives committee on appropriations. All actions of
14 the state expenditure limit committee taken pursuant to this chapter
15 require an affirmative vote of at least four members.

16 (6) Each November, the state expenditure limit committee shall
17 adjust the expenditure limit for the preceding fiscal year based on
18 actual expenditures and known changes in the fiscal growth factor and
19 then project an expenditure limit for the next two fiscal years. If,
20 by November 30th, the state expenditure limit committee has not adopted
21 the expenditure limit adjustment and projected expenditure limit as
22 provided in subsection (5) of this section, the attorney general or his
23 or her designee shall adjust or project the expenditure limit, as
24 necessary.

25 (7) "Fiscal growth factor" means the average growth in state
26 personal income for the prior ten fiscal years.

27 (~~(8) ("General fund" means the state general fund.~~

28 (~~(9) "Related")~~) "Near general fund" means the state general fund,
29 health services account, violence reduction and drug enforcement
30 account, public safety and education account, water quality account,
31 (~~(or)~~) student achievement fund, and education legacy trust account.

32 **Sec. 3.** RCW 43.79.460 and 1998 c 302 s 1 are each amended to read
33 as follows:

34 (1) The savings incentive account is created in the custody of the
35 state treasurer. The account shall consist of all moneys appropriated
36 to the account by the legislature. The account is subject to the

1 allotment procedures under chapter 43.88 RCW, but no appropriation is
2 required for expenditures from the account.

3 (2) Within the savings incentive account, the state treasurer may
4 create subaccounts to be credited with incentive savings attributable
5 to individual state agencies, as determined by the office of financial
6 management in consultation with the legislative fiscal committees.
7 Moneys deposited in the subaccounts may be expended only on the
8 authorization of the agency's executive head or designee and only for
9 the purpose of one-time expenditures to improve the quality,
10 efficiency, and effectiveness of services to customers of the state,
11 such as one-time expenditures for employee training, employee
12 incentives, technology improvements, new work processes, or performance
13 measurement. Funds may not be expended from the account to establish
14 new programs or services, expand existing programs or services, or
15 incur ongoing costs that would require future expenditures.

16 (3) For purposes of this section, "incentive savings" means
17 ((state)) near general fund appropriations, as defined in RCW
18 43.135.025, that are unspent as of June 30th of a fiscal year,
19 excluding any amounts included in across-the-board reductions under RCW
20 43.88.110 and excluding unspent appropriations for:

21 (a) Caseload and enrollment in entitlement programs, except to the
22 extent that an agency has clearly demonstrated that efficiencies have
23 been achieved in the administration of the entitlement program.
24 "Entitlement program," as used in this section, includes programs for
25 which specific sums of money are appropriated for pass-through to third
26 parties or other entities;

27 (b) Enrollments in state institutions of higher education;

28 (c) A specific amount contained in a condition or limitation to an
29 appropriation in the biennial appropriations act, if the agency did not
30 achieve the specific purpose or objective of the condition or
31 limitation;

32 (d) Debt service on state obligations; and

33 (e) State retirement system obligations.

34 (4) The office of ((fiscal-[financial])) financial management,
35 after consulting with the legislative fiscal committees, shall report
36 to the treasurer the amount of savings incentives achieved. By
37 December 1, 1998, and each December 1st thereafter, the office of
38 financial management shall submit a report to the fiscal committees of

1 the legislature on the implementation of this section. The report
2 shall (a) evaluate the impact of this section on agency reversions and
3 end-of-biennium expenditure patterns, and (b) itemize agency
4 expenditures from the savings recovery account.

5 **Sec. 4.** RCW 43.79.465 and 2004 c 275 s 64 are each amended to read
6 as follows:

7 The education savings account is created in the state treasury.
8 The account shall consist of all moneys appropriated to the account by
9 the legislature.

10 (1) Ten percent of legislative appropriations to the education
11 savings account shall be distributed as follows: (a) Fifty percent to
12 the distinguished professorship trust fund under RCW 28B.76.565; (b)
13 seventeen percent to the graduate fellowship trust fund under RCW
14 28B.76.610; and (c) thirty-three percent to the college faculty awards
15 trust fund under RCW 28B.50.837.

16 (2) The remaining moneys in the education savings account may be
17 appropriated solely for (a) common school construction projects that
18 are eligible for funding from the common school construction
19 account((~~τ~~)) and (b) technology improvements in the common schools((~~τ~~
20 ~~and (c) during the 2001-03 fiscal biennium, technology improvements in~~
21 ~~public higher education institutions~~)).

22 **Sec. 5.** RCW 43.08.250 and 2008 c 329 s 913 are each amended to
23 read as follows:

24 (1) The money received by the state treasurer from fees, fines,
25 forfeitures, penalties, reimbursements or assessments by any court
26 organized under Title 3 or 35 RCW, or chapter 2.08 RCW, shall be
27 deposited in the public safety and education account which is hereby
28 created in the state treasury. The legislature shall appropriate the
29 funds in the account to promote traffic safety education, highway
30 safety, criminal justice training, crime victims' compensation,
31 judicial education, the judicial information system, civil
32 representation of indigent persons under RCW 2.53.030, winter
33 recreation parking, drug court operations, and state game programs.
34 Appropriations may also be made to the savings incentive account and
35 the education savings account. Through the fiscal biennium ending June
36 30, 2009, the legislature may appropriate moneys from the public safety

1 and education account for purposes of appellate indigent defense and
2 other operations of the office of public defense, the criminal
3 litigation unit of the attorney general's office, the treatment
4 alternatives to street crimes program, crime victims advocacy programs,
5 justice information network telecommunication planning, treatment for
6 supplemental security income clients, sexual assault treatment,
7 operations of the administrative office of the courts, security in the
8 common schools, alternative school start-up grants, programs for
9 disruptive students, criminal justice data collection, Washington state
10 patrol criminal justice activities, drug court operations, unified
11 family courts, local court backlog assistance, financial assistance to
12 local jurisdictions for extraordinary costs incurred in the
13 adjudication of criminal cases, domestic violence treatment and related
14 services, the department of corrections' costs in implementing chapter
15 196, Laws of 1999, reimbursement of local governments for costs
16 associated with implementing criminal and civil justice legislation,
17 the replacement of the department of corrections' offender-based
18 tracking system, secure and semi-secure crisis residential centers,
19 HOPE beds, the family policy council and community public health and
20 safety networks, the street youth program, public notification about
21 registered sex offenders, and narcotics or methamphetamine-related
22 enforcement, education, training, and drug and alcohol treatment
23 services. During the 2007-2009 fiscal biennium, the legislature may
24 transfer from the public safety and education account to the state
25 general fund such amounts as to reflect the excess fund balance of the
26 fund.

27 (2)(a) The equal justice subaccount is created as a subaccount of
28 the public safety and education account. The money received by the
29 state treasurer from the increase in fees imposed by sections 9, 10,
30 12, 13, 14, 17, and 19, chapter 457, Laws of 2005 shall be deposited in
31 the equal justice subaccount and shall be appropriated only for:

32 (i) Criminal indigent defense assistance and enhancement at the
33 trial court level, including a criminal indigent defense pilot program;

34 (ii) Representation of parents in dependency and termination
35 proceedings;

36 (iii) Civil legal representation of indigent persons; and

37 (iv) Contribution to district court judges' salaries and to
38 eligible elected municipal court judges' salaries.

1 (b) (~~For the 2005-07 fiscal biennium, an amount equal to twenty-~~
2 ~~five percent of revenues to the equal justice subaccount, less one~~
3 ~~million dollars, shall be appropriated from the equal justice~~
4 ~~subaccount to the administrator for the courts for purposes of (a)(iv)~~
5 ~~of this subsection.)) For the 2007-09 fiscal biennium and subsequent~~
6 ~~fiscal biennia, an amount equal to fifty percent of revenues to the~~
7 ~~equal justice subaccount shall be appropriated from the equal justice~~
8 ~~subaccount to the administrator for the courts for the purposes of~~
9 (a)(iv) of this subsection.

10 **Sec. 6.** RCW 43.72.900 and 2005 c 518 s 930 are each amended to
11 read as follows:

12 (1) The health services account is created in the state treasury.
13 Moneys in the account may be spent only after appropriation. Subject
14 to the transfers described in subsection (3) of this section, moneys in
15 the account may be expended only for maintaining and expanding health
16 services access for low-income residents, maintaining and expanding the
17 public health system, maintaining and improving the capacity of the
18 health care system, containing health care costs, (~~and~~) the
19 regulation, planning, and administering of the health care system, and
20 appropriations to the savings incentive account and the education
21 savings account.

22 (2) Funds deposited into the health services account under RCW
23 82.24.028 and 82.26.028 shall be used solely as follows:

24 (a) (~~Five million dollars for the state fiscal year beginning July~~
25 ~~1, 2002, and five million dollars for the state fiscal year beginning~~
26 ~~July 1, 2003, shall be appropriated by the legislature for programs~~
27 ~~that effectively improve the health of low income persons, including~~
28 ~~efforts to reduce diseases and illnesses that harm low income persons.~~
29 ~~The department of health shall submit a report to the legislature on~~
30 ~~March 1, 2002, evaluating the cost-effectiveness of programs that~~
31 ~~improve the health of low income persons and address diseases and~~
32 ~~illnesses that disproportionately affect low income persons, and making~~
33 ~~recommendations to the legislature on which of these programs could~~
34 ~~most effectively utilize the funds appropriated under this subsection.~~

35 ~~(b))~~ Ten percent of the funds deposited into the health services
36 account under RCW 82.24.028 and 82.26.028 (~~remaining after the~~
37 ~~appropriation under (a) of this subsection)) shall be transferred no~~

1 less frequently than annually by the treasurer to the tobacco
2 prevention and control account established by RCW 43.79.480. The funds
3 transferred shall be used exclusively for implementation of the
4 Washington state tobacco prevention and control plan and shall be used
5 only to supplement, and not supplant, funds in the tobacco prevention
6 and control account as of January 1, 2001(~~, however, these funds may~~
7 ~~be used to replace funds appropriated by the legislature for further~~
8 ~~implementation of the Washington state tobacco prevention and control~~
9 ~~plan for the biennium beginning July 1, 2001~~). For each state fiscal
10 year beginning on and after July 1, 2002, the legislature shall
11 appropriate no less than twenty-six million two hundred forty thousand
12 dollars from the tobacco prevention and control account for
13 implementation of the Washington state tobacco prevention and control
14 plan.

15 ((~~e~~)) (b) Because of its demonstrated effectiveness in improving
16 the health of low-income persons and addressing illnesses and diseases
17 that harm low-income persons, the remainder of the funds deposited into
18 the health services account under RCW 82.24.028 and 82.26.028 shall be
19 appropriated solely for Washington basic health plan enrollment as
20 provided in chapter 70.47 RCW. Funds appropriated under this
21 subsection may be used to support outreach and enrollment activities
22 only to the extent necessary to achieve the enrollment goals described
23 in this section.

24 (3) Prior to expenditure for the purposes described in subsection
25 (2) of this section, funds deposited into the health services account
26 under RCW 82.24.028 and 82.26.028 shall first be transferred to the
27 following accounts to ensure the continued availability of previously
28 dedicated revenues for certain existing programs:

29 (a) To the violence reduction and drug enforcement account under
30 RCW 69.50.520, (~~two million two hundred forty nine thousand five~~
31 ~~hundred dollars for the state fiscal year beginning July 1, 2001, four~~
32 ~~million two hundred forty eight thousand dollars for the state fiscal~~
33 ~~year beginning July 1, 2002, seven million seven hundred eighty nine~~
34 ~~thousand dollars for the biennium beginning July 1, 2003, six million~~
35 ~~nine hundred thirty two thousand dollars for the biennium beginning~~
36 ~~July 1, 2005, and~~) six million nine hundred thirty-two thousand
37 dollars for each biennium (~~thereafter~~), as required by RCW
38 82.24.020(2);

1 (b) To the health services account under this section, (~~nine~~
2 ~~million seventy seven thousand dollars for the state fiscal year~~
3 ~~beginning July 1, 2001, seventeen million one hundred eighty eight~~
4 ~~thousand dollars for the state fiscal year beginning July 1, 2002,~~
5 ~~thirty one million seven hundred fifty five thousand dollars for the~~
6 ~~biennium beginning July 1, 2003, twenty eight million six hundred~~
7 ~~twenty two thousand dollars for the biennium beginning July 1, 2005,~~
8 ~~and~~) twenty-eight million six hundred twenty-two thousand dollars for
9 each biennium (~~thereafter~~), as required by RCW 82.24.020(3); and

10 (c) To the water quality account under RCW 70.146.030, (~~two~~
11 ~~million two hundred three thousand five hundred dollars for the state~~
12 ~~fiscal year beginning July 1, 2001, four million two hundred forty four~~
13 ~~thousand dollars for the state fiscal year beginning July 1, 2002,~~
14 ~~eight million one hundred eighty two thousand dollars for the biennium~~
15 ~~beginning July 1, 2003, seven million eight hundred eighty five~~
16 ~~thousand dollars for the biennium beginning July 1, 2005, and~~) seven
17 million eight hundred eighty-five thousand dollars for each biennium
18 (~~thereafter~~), as required by RCW 82.24.027(~~(2)(a)~~).

19 ~~During the 2005-2007 fiscal biennium, the legislature may transfer~~
20 ~~from the health services account such amounts as reflect the excess~~
21 ~~fund balance of the account to the state general fund).~~

22 **Sec. 7.** RCW 69.50.520 and 2005 c 518 s 937, 2005 c 514 s 1107, and
23 2005 c 514 s 202 are each reenacted and amended to read as follows:

24 The violence reduction and drug enforcement account is created in
25 the state treasury. All designated receipts from RCW 9.41.110(8),
26 66.24.210(4), 66.24.290(2), 69.50.505(9)(a), 82.08.150 (5) and
27 (7)(b)(iii), 82.24.020(2), 82.24.026(2)(c), 82.64.020, and section 420,
28 chapter 271, Laws of 1989 shall be deposited into the account.
29 Expenditures from the account may be used only for funding services and
30 programs under chapter 271, Laws of 1989 and chapter 7, Laws of 1994
31 sp. sess., including state incarceration costs. Funds from the account
32 may also be appropriated to reimburse local governments for costs
33 associated with implementing criminal justice legislation including
34 chapter 338, Laws of 1997. During the 2003-2005 and 2005-2007
35 bienniums, funds from the account may also be used for costs associated
36 with providing grants to local governments in accordance with chapter
37 338, Laws of 1997, funding drug offender treatment services in

1 accordance with RCW 70.96A.350, maintenance and operating costs of the
2 Washington association of sheriffs and police chiefs jail reporting
3 system, maintenance and operating costs of the juvenile rehabilitation
4 administration's client activity tracking system, civil indigent legal
5 representation, multijurisdictional narcotics task forces, transfers to
6 the health services account, and grants to community networks under
7 chapter 70.190 RCW by the family policy council. Appropriations may be
8 made from the account to the savings incentive account and the
9 education savings account.

10 **Sec. 8.** RCW 70.146.030 and 2007 c 522 s 955 are each amended to
11 read as follows:

12 (1) The water quality account is hereby created in the state
13 treasury. Moneys in the account may be used only in a manner
14 consistent with this chapter. Moneys deposited in the account shall be
15 administered by the department of ecology and shall be subject to
16 legislative appropriation. Moneys placed in the account shall include
17 tax receipts as provided in RCW 82.24.027, 82.24.026(2)(d), 82.26.020,
18 and 82.32.390, principal and interest from the repayment of any loans
19 granted pursuant to this chapter, and any other moneys appropriated to
20 the account by the legislature.

21 (2) The department may use or permit the use of any moneys in the
22 account to make grants or loans to public bodies, including grants to
23 public bodies as cost-sharing moneys in any case where federal, local,
24 or other funds are made available on a cost-sharing basis, for water
25 pollution control facilities and activities, or for purposes of
26 assisting a public body to obtain an ownership interest in water
27 pollution control facilities and/or to defray a part of the payments
28 made by a public body to a service provider under a service agreement
29 entered into pursuant to RCW 70.150.060, within the purposes of this
30 chapter and for related administrative expenses. Appropriations may
31 also be made to the savings incentive account and the education savings
32 account. For the period July 1, 2007, to June 30, 2009, moneys in the
33 account may be used to process applications received by the department
34 that seek to make changes to or transfer existing water rights and for
35 other water resources and water quality activities, for water
36 conveyance projects, shoreline technical assistance((+,+)), Puget
37 Sound education and outreach((+,+)), and for grants and technical

1 assistance to public bodies for watershed planning under chapter 90.82
2 RCW. No more than three percent of the moneys deposited in the account
3 may be used by the department to pay for the administration of the
4 grant and loan program authorized by this chapter.

5 (3) Beginning with the biennium ending June 30, 1997, the
6 department shall present a biennial progress report on the use of
7 moneys from the account to the chairs of the senate committee on ways
8 and means and the house of representatives committee on appropriations.
9 The first report is due June 30, 1996, and the report for each
10 succeeding biennium is due December 31st of the odd-numbered year. The
11 report shall consist of a list of each recipient, project description,
12 and amount of the grant, loan, or both.

13 **Sec. 9.** RCW 43.135.045 and 2007 c 520 s 6035 and 2007 c 484 s 5
14 are each reenacted and amended to read as follows:

15 (1) The student achievement fund is hereby created in the state
16 treasury.

17 (2) The education construction fund is hereby created in the state
18 treasury.

19 (a) Funds may be appropriated from the education construction fund
20 exclusively for common school construction or higher education
21 construction. During the 2007-2009 fiscal biennium, funds may also be
22 used for higher education facilities preservation and maintenance.

23 (b) Funds may be appropriated for any other purpose only if
24 approved by a two-thirds vote of each house of the legislature and if
25 approved by a vote of the people at the next general election. An
26 appropriation approved by the people under this subsection shall result
27 in an adjustment to the state expenditure limit only for the fiscal
28 period for which the appropriation is made and shall not affect any
29 subsequent fiscal period.

30 (3) Funds from the student achievement fund shall be appropriated
31 to the superintendent of public instruction strictly for distribution
32 to school districts to meet the provisions set out in the student
33 achievement act. Allocations shall be made on an equal per full-time
34 equivalent student basis to each school district. Appropriations may
35 also be made to the savings incentive account and the education savings
36 account.

1 **Sec. 10.** RCW 83.100.230 and 2008 c 329 s 924 are each amended to
2 read as follows:

3 The education legacy trust account is created in the state
4 treasury. Money in the account may be spent only after appropriation.
5 Expenditures from the account may be used only for deposit into the
6 student achievement fund, the savings incentive account, and the
7 education savings account and for expanding access to higher education
8 through funding for new enrollments and financial aid, and other
9 educational improvement efforts. During the 2007-2009 fiscal biennium,
10 moneys in the account may also be transferred into the state general
11 fund.

12 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and takes effect
15 July 1, 2009.

--- END ---