

---

**Ways & Means Committee**

---

**SJR 8206**

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

**Sponsors:** Senators Zarelli, Brown, Pridemore, Tom, Kilmer, White and Parlette.

**Brief Summary of Bill**

- Transfers "extraordinary revenue growth" to the Budget Stabilization Account.

**Hearing Date:** 3/9/11

**Staff:** Kristen Fraser (786-7148).

**Background:**

The state Constitution was amended in 2007 to establish a Budget Stabilization Account. Each fiscal year, 1 percent of general state revenues is transferred 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. In 2009 a number of accounts were consolidated into the state General Fund, causing these accounts' revenue to become general state revenues.

Moneys 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 with a three-fifths vote 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).

---

*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.*

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

**Summary of Bill:**

The state Constitution is amended to transfer any extraordinary revenue growth to the Budget Stabilization Account at the end of each fiscal biennium. The transfer of extraordinary revenue growth is in addition to the existing 1 percent transfer and will be made only to the extent that it exceeds that transfer. "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 not take place in a fiscal biennium following a fiscal biennium in which state employment growth averaged less than 1 percent. In determining whether extraordinary revenue growth has occurred, historical general state revenues must be adjusted to reflect statutory changes to revenue dedication.

**Appropriation:** None.

**Fiscal Note:** Not requested.