

FINAL BILL REPORT

SSB 6636

C 8 L 12 E 1

Synopsis as Enacted

Brief Description: Requiring a balanced state budget for the current and ensuing fiscal biennium.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Zarelli and Tom).

Senate Committee on Ways & Means
House Committee on Ways & Means

Background: The expenses of the agencies, institutions, and programs of state government are appropriated by the Legislature in a biennial appropriations act. The state Budget and Accounting Act requires the Governor to submit to the Legislature a biennial budget proposal that is balanced within the state's existing revenues. However, neither state law nor the state Constitution require the Legislature to enact a balanced state budget act.

The Economic and Revenue Forecast Council was established in 1984 to prepare an official state revenue forecast for use in budget preparation by the Governor and the Legislature. The council consists of two person appointed by the Governor and four persons representing the four political caucuses of the Senate and House of Representatives. An Economic and Revenue Forecast Work Group provides technical assistance to the council in the preparation of revenue forecasts. The work group consists of staff representatives from relevant legislative and executive agencies.

The Budget Stabilization Account, also known as the Rainy Day Fund, was created in the state Constitution in 2007. One percent of general state revenues are deposited to the account each fiscal year. Monies may be withdrawn from the account and appropriated by the Legislature under three circumstances: (1) if the Governor declares an emergency resulting from a catastrophic event; (2) if annual state employment growth is forecast to be less than one percent; or (3) the appropriation is made by a sixty-percent vote of each house of the Legislature.

Summary: Beginning with the 2013-2015 fiscal biennium, the Legislature must enact a budget bill that leaves a positive ending fund balance in the state General Fund and related funds. In addition, beginning with the 2013-2015 fiscal biennium, the projected maintenance level for the budget in the ensuing biennium may not exceed available fiscal resources. Available fiscal resources are the greater of (1) the official revenue forecast for the ensuing

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biennium, or (2) an assumed revenue increase of 4.5 percent for each year of the ensuing biennium. The projected maintenance level is the continuing cost of existing programs and services, monies transferred into the Budget Stabilization Account, and excluding, for the 2013-15 and 2015-17 biennia, the cost of enhanced funding for basic education under the McCleary ruling of the state Supreme Court.

"Related funds" means the Washington Opportunity Pathways Account and the Education Legacy Trust Account.

The balanced budget requirement does not apply to (1) an "early action" budget bill that makes net reductions in appropriations and is enacted between July 1 and February 15 of any year; and (2) an ensuing biennium following a biennium in which monies are withdrawn from the Budget Stabilization Account.

Each November, the Economic and Revenue Forecast Council must submit a budget outlook document for state revenues and expenditures for the General Fund and related funds for the current biennium and the next ensuing biennium. The council must also prepare a budget outlook document for the Governor's proposed budget and for the budget enacted by the Legislature.

To assist the council in the preparation of the state budget outlooks, a State Budget Outlook Work Group is created, consisting of one staff person from the Office of Financial Management, the Legislative Evaluation and Accountability Program Committee, the Office of the State Treasurer, the Economic and Revenue Forecast Council, the Caseload Forecast Council, the Senate Ways and Means Committee, and the House of Representatives Ways and Means Committee.

Votes on Final Passage:

First Special Session

Senate	30	16	
House	79	19	(House amended)
Senate	38	9	(Senate concurred)

Effective: July 10, 2012