

# FINAL BILL REPORT

## SJR 8206

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### Synopsis as Enacted

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

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

**Senate Committee on Ways & Means**

**House Committee on Ways & Means**

**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 of the Legislature.

To the extent that the balance of the Budget Stabilization Account exceeds ten 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:** At the end of each fiscal biennium, three quarters of 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.

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*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.*

**Votes on Final Passage:**

Senate 45 3

First Special Session

Senate 39 3

House 76 10 (House amended)

Senate 47 0 (Senate concurred)

**Effective:** Contingent upon approval by the voters at the November 2011 general election.