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SENATE BILL 5864

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State of Washington

62nd Legislature

2011 Regular Session

By Senators Benton, Roach, Carrell, Baxter, Baumgartner, Stevens, Morton, Zarelli, Holmquist Newbry, Ericksen, Parlette, Hill, Fain, and Hewitt

Read first time 03/05/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to greater governmental fiscal responsibility  
2 through limitations on expenditures; and amending RCW 43.135.010 and  
3 43.135.025.

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

5 **Sec. 1.** RCW 43.135.010 and 2005 c 72 s 3 are each amended to read  
6 as follows:

7 The people of the state of Washington hereby find and declare:

8 (1) The continuing increases in our state tax burden and the  
9 corresponding growth of state government is contrary to the interest of  
10 the people of the state of Washington.

11 (2) It is necessary to limit the rate of growth of state government  
12 while assuring adequate funding of essential services, including basic  
13 education as defined by the legislature.

14 (3) The current budgetary system in the state of Washington lacks  
15 stability. The system encourages crisis budgeting and results in  
16 cutbacks during lean years and overspending during surplus years.

17 (4) It is therefore the intent of this chapter to:

18 (a) Establish a limit on state expenditures that will assure that

1 the growth rate of state expenditures does not exceed the growth rate  
2 (~~(in Washington personal income)~~) of inflation and state population;

3 (b) Assure that local governments are provided funds adequate to  
4 render those services deemed essential by their citizens;

5 (c) Assure that the state does not impose responsibility on local  
6 governments for new programs or increased levels of service under  
7 existing programs unless the costs thereof are paid by the state;

8 (d) Provide for adjustment of the limit when costs of a program are  
9 transferred between the state and another political entity;

10 (e) Establish a procedure for exceeding this limit in emergency  
11 situations;

12 (f) Provide for voter approval of tax increases; and

13 (g) Avoid overfunding and underfunding state programs by providing  
14 stability, consistency, and long-range planning.

15 **Sec. 2.** RCW 43.135.025 and 2009 c 479 s 35 are each amended to  
16 read as follows:

17 (1) The state shall not expend from the general fund during any  
18 fiscal year state moneys in excess of the state expenditure limit  
19 established under this chapter.

20 (2) Except pursuant to a declaration of emergency under RCW  
21 (~~(43.135.035)~~) 43.135.034 or pursuant to an appropriation under RCW  
22 43.135.045(2), the state treasurer shall not issue or redeem any check,  
23 warrant, or voucher that will result in a state general fund  
24 expenditure for any fiscal year in excess of the state expenditure  
25 limit established under this chapter. A violation of this subsection  
26 constitutes a violation of RCW 43.88.290 and shall subject the state  
27 treasurer to the penalties provided in RCW 43.88.300.

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

31 (4) For purposes of computing the state expenditure limit for the  
32 fiscal year beginning July 1, (~~(2009)~~) 2012, the phrase "the previous  
33 fiscal year's state expenditure limit" means the total state  
34 expenditures from the state general fund(~~(, the public safety and~~  
35 ~~education account, the health services account, the violence reduction~~  
36 ~~and drug enforcement account, the student achievement fund, the water~~

1 ~~quality account, and the equal justice subaccount))~~ and related funds,  
2 not including federal funds, for the fiscal year beginning July 1,  
3 ((2008)) 2011, plus the fiscal growth factor.

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

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

22 (7) "Fiscal growth factor" means the average ((~~growth in state~~  
23 ~~personal income for the prior ten fiscal years~~)) of the sum of  
24 inflation and state population change for each of the prior three  
25 fiscal years.

26 (8) "Inflation" means the percentage change in the implicit price  
27 deflator for the United States for each fiscal year as published by the  
28 federal bureau of labor statistics.

29 (9) "Population change" means the percentage change in state  
30 population for each fiscal year as reported by the office of financial  
31 management.

32 (10) "General fund" means the state general fund.

33 (11) "Related funds" means the education legacy trust account and  
34 the Washington opportunity pathways account.

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