

HOUSE BILL REPORT

HB 2046

As Reported by House Committee On: Appropriations

Title: An act relating to transferring funds from the budget stabilization account to the general fund.

Brief Description: Transferring funds from the budget stabilization account to the general fund.

Sponsors: Representatives Hunter and Sullivan.

Brief History:

Committee Activity:

Appropriations: 4/22/13, 4/23/13 [DP].

Brief Summary of Bill

- Transfers \$575 million from the Budget Stabilization Account to the State General Fund.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Green, Haigh, Hudgins, Hunt, Jinkins, Kagi, Maxwell, Morrell, Pedersen, Pettigrew, Seaquist, Springer and Sullivan.

Minority Report: Do not pass. Signed by 13 members: Representatives Alexander, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Dahlquist, Fagan, Haler, Harris, Parker, Pike, Ross, Schmick and Taylor.

Staff: Kristen Fraser (786-7148).

Background:

The Budget Stabilization Account (BSA), also known as the "Rainy Day Fund," was created by constitutional amendment. Each year, the State Treasurer must transfer 1 percent of general state revenues into the BSA. The constitutional term "general state revenues" means

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undedicated revenues and is very close to State General Fund revenues. In addition, during times of extraordinary revenue growth, additional deposits into the BSA may be required.

Estimated transfers into the BSA total \$268 million for the 2011-13 biennium and \$307 million for the 2013-15 biennium. Withdrawals from the BSA require a three-fifths vote of each house of the Legislature unless: (1) the employment growth forecast made by the Economic and Revenue Forecast Council for that fiscal year is less than 1 percent; or (2) the Governor declares a state of emergency resulting from a catastrophic event that requires government action to protect life or safety. In those cases, the Legislature may appropriate from the BSA with a constitutional majority vote of each house.

Annual employment growth for Fiscal Year 2013 through Fiscal Year 2015 is forecast to be between 1.8 percent and 2.0 percent.

Summary of Bill:

The State Treasurer is directed to transfer \$575 million from the Budget Stabilization Account to the State General Fund: \$408 million in Fiscal Year 2014 and \$167 million in Fiscal Year 2015.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(With concerns) If this bill were enacted, the state could be in a vulnerable situation in the case of a catastrophic event or an economic downturn. Please work on a budget that does not require use of the Budget Stabilization Account (BSA).

(Opposed) When the voters approved the constitutional amendment that created the BSA, they had different situations in mind for use of the fund, not funding for ongoing programs. Please save this funding for a true rainy day.

Persons Testifying: (With concerns) Amber Carter, Association of Washington Business.

(Opposed) Patrick Connor, National Federation of Independent Business.

Persons Signed In To Testify But Not Testifying: None.