
HOUSE BILL 2794

State of Washington 63rd Legislature 2014 Regular Session

By Representatives Hunter, Ryu, Tarleton, Jinkins, Pollet, and Roberts

Read first time 02/26/14. Referred to Committee on Appropriations.

1 AN ACT Relating to adjusting the state expenditure limit to
2 accommodate enhancements to the prototypical school funding formula;
3 and amending RCW 43.135.034.

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

5 **Sec. 1.** RCW 43.135.034 and 2013 c 1 s 2 (Initiative Measure No.
6 1185) are each amended to read as follows:

7 (1)(a) Any action or combination of actions by the legislature that
8 raises taxes may be taken only if approved by a two-thirds vote in both
9 the house of representatives and the senate. Pursuant to the
10 referendum power set forth in Article II, section 1(b) of the state
11 Constitution, tax increases may be referred to the voters for their
12 approval or rejection at an election.

13 (b) For the purposes of this chapter, "raises taxes" means any
14 action or combination of actions by the state legislature that
15 increases state tax revenue deposited in any fund, budget, or account,
16 regardless of whether the revenues are deposited into the general fund.

17 (2)(a) If the legislative action under subsection (1) of this
18 section will result in expenditures in excess of the state expenditure
19 limit, then the action of the legislature shall not take effect until

1 approved by a vote of the people at a November general election. The
2 state expenditure limit committee shall adjust the state expenditure
3 limit by the amount of additional revenue approved by the voters under
4 this section. This adjustment shall not exceed the amount of revenue
5 generated by the legislative action during the first full fiscal year
6 in which it is in effect. The state expenditure limit shall be
7 adjusted downward upon expiration or repeal of the legislative action.

8 (b) The ballot title for any vote of the people required under this
9 section shall be substantially as follows:

10 "Shall taxes be imposed on in order to allow a
11 spending increase above last year's authorized spending adjusted for
12 personal income growth?"

13 (3)(a) The state expenditure limit may be exceeded upon declaration
14 of an emergency for a period not to exceed twenty-four months by a law
15 approved by a two-thirds vote of each house of the legislature and
16 signed by the governor. The law shall set forth the nature of the
17 emergency, which is limited to natural disasters that require immediate
18 government action to alleviate human suffering and provide humanitarian
19 assistance. The state expenditure limit may be exceeded for no more
20 than twenty-four months following the declaration of the emergency and
21 only for the purposes contained in the emergency declaration.

22 (b) Additional taxes required for an emergency under this section
23 may be imposed only until thirty days following the next general
24 election, unless an extension is approved at that general election.
25 The additional taxes shall expire upon expiration of the declaration of
26 emergency. The legislature shall not impose additional taxes for
27 emergency purposes under this subsection unless funds in the education
28 construction fund have been exhausted.

29 (c) The state or any political subdivision of the state shall not
30 impose any tax on intangible property listed in RCW 84.36.070 as that
31 statute exists on January 1, 1993.

32 (4) If the cost of any state program or function is shifted from
33 the state general fund to another source of funding, or if moneys are
34 transferred from the state general fund to another fund or account, the
35 state expenditure limit committee, acting pursuant to RCW
36 43.135.025(5), shall lower the state expenditure limit to reflect the
37 shift. For the purposes of this section, a transfer of money from the
38 state general fund to another fund or account includes any state

1 legislative action taken that has the effect of reducing revenues from
2 a particular source, where such revenues would otherwise be deposited
3 into the state general fund, while increasing the revenues from that
4 particular source to another state or local government account. This
5 subsection does not apply to: (a) The dedication or use of lottery
6 revenues under RCW 67.70.240(~~(+3+)~~) (1)(c), in support of education or
7 education expenditures; or (b) a transfer of moneys to, or an
8 expenditure from, the budget stabilization account.

9 (5)(a) If the cost of any state program or function and the ongoing
10 revenue necessary to fund the program or function are shifted to the
11 state general fund on or after January 1, 2007, the state expenditure
12 limit committee, acting pursuant to RCW 43.135.025(5), shall increase
13 the state expenditure limit to reflect the shift unless the shifted
14 revenue had previously been shifted from the general fund.

15 (b) For fiscal years 2014 through and including fiscal year 2019,
16 the state expenditure limit committee must increase the state
17 expenditure limit to reflect the cost of funding enhancements to the
18 prototypical school funding formula.

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