

FINAL BILL REPORT

EHB 2267

C 29 L 15 E3
Synopsis as Enacted

Brief Description: Suspending the state expenditure limit in order to implement the state's Article IX obligation to amply fund basic education.

Sponsors: Representative Hunter.

House Committee on Appropriations

Background:

In 1993 voters adopted Initiative 601, which established the state expenditure limit. The expenditure limit law restricts the amount that the state may spend from the State General Fund (GFS) each fiscal year. The expenditure limit for each year is the prior year's actual GFS expenditures, adjusted for inflation as measured by a 10-year rolling average of personal income growth, and further adjusted for revenue and program transfers into and out of the GFS.

The state Expenditure Limit Committee establishes, adjusts, and projects the expenditure limit. The State Treasurer is prohibited from making payments from the GFS that exceed the limit.

Legislation enacted in 2012 established requirements for a four-year balanced budget and a budget Outlook process. The Economic and Revenue Forecast Council adopts the Outlook, which is a four-year projection of GSF and related fund revenues and expenditures.

Summary:

The Legislature declares its intent to temporarily suspend the state expenditure limit in the biennia during which and immediately following the state's phase-in of funding of its Article IX obligations pursuant to Chapter 584, Laws of 2009 (ESHB 2261), Chapter 236, Laws of 2010 (SHB 2776), and the *McCleary* court case.

The state expenditure limit is suspended until the 2021-23 fiscal biennium. The expenditure limit for fiscal year 2022 equals the state's actual GFS expenditures for fiscal year 2021, adjusted by the fiscal growth factor.

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.

The Economic and Revenue Forecast Council, in consultation with the Expenditure Limit Committee, must prepare draft legislation for introduction in the 2016 legislative session that synchronizes the requirements of the expenditure limit, the four-year balanced budget requirement, and the budget Outlook process.

Votes on Final Passage:

Third Special Session

House	64	33
Senate	33	11

Effective: July 6, 2015