

HOUSE BILL REPORT

HB 2268

As Reported by House Committee On: Appropriations

Title: An act relating to directing the treasurer to transfer budget stabilization account deposits that are attributable to extraordinary revenue growth in the 2013-2015 and 2017-2019 fiscal biennia.

Brief Description: Directing the treasurer to transfer budget stabilization account deposits that are attributable to extraordinary revenue growth in the 2013-2015 and 2017-2019 fiscal biennia.

Sponsors: Representative Hunter.

Brief History:

Committee Activity:

Appropriations: 6/22/15, 6/23/15 [DP].

Brief Summary of Bill

- Transfers into the State General Fund amounts deposited in the Budget Stabilization Account in the 2013-15 and 2017-19 fiscal biennia that are attributable to extraordinary revenue growth.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 24 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Dunshee, Hansen, Harris, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

Minority Report: Do not pass. Signed by 9 members: Representatives Buys, Condotta, Dent, Haler, G. Hunt, MacEwen, Stokesbary, Taylor and Van Werven.

Staff: Kristen Fraser (786-7148).

Background:

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.

In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the state Constitution. Each year, the State Treasurer must deposit 1 percent of general state revenues (GSR) into the constitutionally created BSA. The term GSR is defined in the Constitution and is generally synonymous with the statutory State General Fund (GFS.)

In general, appropriations from the BSA require a three-fifths majority in each house of the Legislature, but in the case of a catastrophic event or low employment growth, the Legislature may appropriate from the BSA with a constitutional majority vote of each house.

In 2011 the voters ratified an amendment to Article VII, section 12 that required further deposits into the BSA. In biennia in which the state experiences extraordinary revenue growth (ERG), an amount equivalent to three-quarters of the ERG must be transferred to the BSA. Extraordinary revenue growth is defined as the amount in which the percentage growth of GSR in that biennium exceeds by more than one-third the average percentage growth in GSR over the five previous biennia. Extraordinary revenue growth is transferred only to the extent that it exceeds the required 1 percent transfer, and ERG is not transferred in a biennium that follows a fiscal biennium in which employment growth averaged less than 1 percent per fiscal year.

Based on current projections, ERG deposits will be made in the BSA of \$32 million for the 2013-15 fiscal biennium, and of \$501.4 million for the 2017-19 fiscal biennium.

Summary of Bill:

By June 30, 2015, the State Treasurer must transfer from the BSA to the GFS the entire amount of the 2013-15 BSA deposit that is attributable to ERG.

During the 2017-19 fiscal biennium, the State Treasurer must transfer from the BSA to the GFS the entire amount of the 2017-19 BSA deposit that is attributable to ERG.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) When the Legislature drafted the amendment to transfer extraordinary revenue growth, no one foresaw that this recession would be a once-in-a-lifetime event with a slow recovery that resulted in unexpected transfers of "extraordinary" revenue growth.

(Opposed) None.

Persons Testifying: Representative Hunter, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.