

SENATE BILL REPORT

SJR 8213

As Reported by Senate Committee On:
Ways & Means, February 3, 2016

Brief Description: Requiring the legislature to enact a four-year balanced budget.

Sponsors: Senators Hill, Fain, Parlette, Becker, Bailey, Miloscia, Braun, Angel, Brown, Schoesler, O'Ban, Warnick, Dammeier, Litzow, Honeyford, Ericksen, Sheldon, Rivers, Roach, Padden and Rolfes.

Brief History:

Committee Activity: Ways & Means: 2/02/16, 2/03/16 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Bailey, Becker, Brown, Hewitt, O'Ban, Padden, Parlette, Schoesler and Warnick.

Minority Report: Do not pass.

Signed by Senators Conway, Darneille, Hasegawa, Nelson and Pedersen.

Minority Report: That it be referred without recommendation.

Signed by Senators Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Billig and Rolfes.

Staff: Steve Jones (786-7440)

Background: In 2012, the Legislature enacted a statutory requirement that the state omnibus biennial operating budget enacted by the Legislature must leave a positive ending fund balance in the state General Fund and related funds - the Opportunity Pathways Account and the Education Legacy Trust Account. In addition, the projected maintenance level of funding necessary to maintain the continuing costs of state programs and services funded in the omnibus operating budget or required by state or federal law for the next ensuing biennium cannot exceed either the official forecasted state revenues or the official forecasted revenues increased by 4.5 percent annually, whichever is greater. This requirement for balancing the maintenance level of the next ensuing biennium does not apply in any fiscal biennium in which the Legislature appropriates money from the Budget Stabilization Account. The Budget Stabilization Account, commonly known as the Rainy Day Fund, is an account

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established in the state Constitution that may be appropriated by the Legislature under one of the following three circumstances:

1. by a majority vote of each house of the Legislature if the Governor declares an emergency resulting from a catastrophic event requiring governmental action to protect life or public safety;
2. by a majority vote of each house of the Legislature, if annual state employment growth is forecasted to be less than 1 percent; or
3. by a three-fifths vote of each house of the Legislature, for any other purpose.

Summary of Bill: The state Constitution is amended to require that the state omnibus biennial operating budget enacted by the Legislature must leave a positive ending fund balance in the state General Fund and related funds. In addition, the projected maintenance level of funding necessary to maintain the continuing costs of state programs and services funded in the omnibus operating budget or required by state or federal law for the next ensuing biennium cannot exceed the official forecasted state revenues.

This requirement for balancing the maintenance level of the next ensuing biennium does not apply in any fiscal biennium in which annual state employment growth is forecasted to be less than 1 percent and in which the Legislature appropriates money from the Budget Stabilization Account.

The Legislature is authorized to enact legislation to carry out these provisions.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect upon approval and ratification at the next general election.

Staff Summary of Public Testimony: PRO: The statutory version of this balanced-budget requirement has been on the books since 2012, and it has worked well in achieving its objective, which is preventing drastic fluctuations in state budgeting. By requiring a long-term, four-year outlook in state budget planning, short-term fixes to state budget problems are avoided. Long-term planning changes state budgeting for the better, and core state programs are protected during an economic downturn. A long-term outlook reduces unfunded future liabilities.

Persons Testifying: PRO: Sen. Hill, prime sponsor.

Persons Signed In To Testify But Not Testifying: No one.