

# HOUSE BILL REPORT

## HB 2190

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As of Second Reading

**Title:** An act relating to budget stabilization account transfers.

**Brief Description:** Addressing budget stabilization account transfers to the general fund.

**Sponsors:** Representative Ormsby.

**Brief History:**

**Committee Activity:**

None.

### Brief Summary of Bill

- Eliminates the cap on the maximum amount that the State Treasurer must transfer from the Budget Stabilization Account (BSA) attributable to extraordinary revenue growth into the State General Fund in the 2015-17 fiscal biennium.
- Eliminates the requirement for the State Treasurer to transfer up to \$550 million of the BSA that is attributable to extraordinary revenue growth in the 2017-19 fiscal biennium.

**Staff:** Kristen Fraser (786-7148).

### Background:

In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the Washington Constitution (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 state 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.

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*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 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 by 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.

Under legislation that was enacted in 2015, the State Treasurer must transfer into the State General Fund up to \$75 million of the BSA that is attributable to extraordinary revenue growth in the 2015-17 fiscal biennium and up to \$550 million of the BSA that is attributable to extraordinary revenue growth in the 2017-19 fiscal biennium.

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**Summary of Bill:**

The State Treasurer must transfer into the State General Fund the entire amount of the BSA that is attributable to extraordinary revenue growth in the 2015-17 fiscal biennium. The requirement for the State Treasurer to transfer a portion of the BSA that is attributable to extraordinary revenue growth in the 2017-19 fiscal biennium is eliminated.

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**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.

(Opposed) None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.