

HOUSE BILL REPORT

EHB 2190

As Passed Legislature

Title: An act relating to budget stabilization account transfers.

Brief Description: Addressing budget stabilization account transfers and appropriations.

Sponsors: Representative Ormsby.

Brief History:

Committee Activity:

None.

Floor Activity:

Passed House: 6/30/17, 90-4.

Passed Senate: 6/30/17, 46-3.

Passed Legislature.

Brief Summary of Engrossed Bill

- Eliminates the 2015-17 transfer of extraordinary revenue growth (ERG) from the Budget Stabilization Account (BSA) to the state general fund (GFS) and increases the cap on the 2017-19 transfer of ERG from the BSA to the GFS.
- Authorizes appropriations and transfers from the BSA for pension funding stabilization, disasters, and fire mobilization and suppression.

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.

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.

Summary of Engrossed Bill:

The transfer from the BSA into the GFS of ERG attributable to the 2015-17 fiscal biennium is eliminated. The cap on the transfer of ERG for the 2017-19 fiscal biennium is increased to \$1.078 billion.

The following expenditures are authorized from the BSA:

- For the 2017-19 fiscal biennium, \$925.166 million is transferred from the BSA into the Pension Funding Stabilization Account, an account that may be used only for the cost of state employer contributions to state pension systems.
- For the 2017-19 fiscal biennium, \$19.0 million is transferred from the BSA into the Disaster Response Account for disaster response and recovery efforts.
- For the 2015-17 fiscal biennium, \$14.5 million is appropriated to the State Patrol for fire mobilization costs.
- For the 2015-17 fiscal biennium, \$23.622 million is appropriated to the Department of Natural Resources for fire suppression costs incurred during the 2016 fire season. Adds an emergency clause, making the bill effective immediately.

The BSA appropriations and transfers do not alter the requirement to balance in the ensuing biennium under the state's four-year balanced budget requirement, also known as the budget outlook.

Appropriation: The bill contains multiple appropriations. Please see the bill.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.