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HOUSE JOINT RESOLUTION 4209

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State of Washington                      65th Legislature                      2017 Regular Session

By Representatives Young, Shea, Taylor, and Volz

Read first time 03/22/17. Referred to Committee on Appropriations.

1            BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

3            THAT, At the next general election to be held in this state the  
4 secretary of state must submit to the qualified voters of the state  
5 for their approval and ratification, or rejection, an amendment to  
6 Article VII of the Constitution of the state of Washington by adding  
7 a new section to Article VII, an amendment to Article VII of the  
8 Constitution of the state of Washington by repealing section 8  
9 thereof in its entirety, and an amendment to Article VIII, section 1  
10 of the Constitution of the state of Washington to read as follows:

11            Article VII, section . . . . (1)(a) Before the beginning of the  
12 regular legislative session in each odd-numbered year, the governor  
13 shall prepare and submit to the senate and house of representatives  
14 an omnibus operating appropriations proposal for the ensuing fiscal  
15 biennium. This proposal may not propose expenditures from the state  
16 general fund for a fiscal period that exceed ninety-five percent of  
17 the estimated resources for the state general fund for that fiscal  
18 period as of the date the governor submits the proposal to the  
19 legislature, and may not propose expenditures from any other account  
20 that exceed the estimated amount of resources for that account for  
21 that fiscal period as of the date the governor submits the proposal  
22 to the legislature.

1 (b) Nothing in this section prohibits the governor from  
2 submitting to the legislature alternative omnibus operating  
3 appropriations proposals that rely on changes to existing revenue  
4 laws.

5 (2)(a) The legislature may not appropriate from the state general  
6 fund for any fiscal period an amount that exceeds ninety-five percent  
7 of the estimated amount of resources for the state general fund for  
8 that fiscal period as of the date the appropriations legislation is  
9 enacted. The requirements of this subsection (2)(a) do not apply if  
10 the appropriations are enacted pursuant to a declaration of emergency  
11 as established in Article VII, section 12(d)(i) of this Constitution.  
12 In that case, the appropriations are subject to (b) of this  
13 subsection.

14 (b) For any other account, the legislature may not appropriate  
15 from the account for any fiscal period an amount that exceeds the  
16 estimated amount of resources to that account for that fiscal period  
17 as of the date the appropriations legislation is enacted.

18 (3)(a) If appropriations from any account for any fiscal period  
19 exceed the most recent estimate of resources for that account for  
20 that fiscal period, then within thirty days of the revenue estimate  
21 projecting the deficiency the governor shall uniformly reduce each  
22 allotment from each appropriation from that account in order to avoid  
23 a deficiency.

24 (b) The state may not carry forward a deficiency in any account  
25 from one fiscal period to another.

26 (4)(a) For purposes of this section, "estimated resources" for an  
27 account means the total of the officially estimated revenues to the  
28 account for that fiscal period, account balance at the beginning of  
29 the fiscal period, and any transfers, other deposits, or other  
30 revenues into that account for that fiscal period.

31 (b) Official revenue estimates shall be made by the state  
32 economic and revenue forecast council or successor agency and by the  
33 office of financial management for those accounts not estimated by  
34 the council, as provided in law.

35 (c) The legislature shall enact laws to carry out the purposes of  
36 this section.

37 Article VIII, section 1. (a) The state may contract debt, the  
38 principal of which shall be paid and discharged within thirty years  
39 from the time of contracting thereof, in the manner set forth herein.

1 (b) The aggregate debt contracted by the state, as calculated by  
2 the treasurer at the time debt is contracted, shall not exceed that  
3 amount for which payments of principal and interest in any fiscal  
4 year would require the state to expend more than the applicable  
5 percentage limit of the arithmetic mean of its general state revenues  
6 for the six immediately preceding fiscal years as certified by the  
7 treasurer. The term "applicable percentage limit" means eight and  
8 one-half percent from July 1, 2014, through June 30, 2016; eight and  
9 one-quarter percent from July 1, 2016, through June 30, 2034; eight  
10 percent from July 1, 2034, and thereafter. The term "fiscal year"  
11 means that period of time commencing July 1 of any year and ending on  
12 June 30 of the following year.

13 (c) The term "general state revenues," when used in this section,  
14 shall include all state money received in the treasury from each and  
15 every source, including moneys received from ad valorem taxes levied  
16 by the state and deposited in the general fund in each fiscal year,  
17 but not including: (1) Fees and other revenues derived from the  
18 ownership or operation of any undertaking, facility, or project; (2)  
19 Moneys received as gifts, grants, donations, aid, or assistance or  
20 otherwise from the United States or any department, bureau, or  
21 corporation thereof, or any person, firm, or corporation, public or  
22 private, when the terms and conditions of such gift, grant, donation,  
23 aid, or assistance require the application and disbursement of such  
24 moneys otherwise than for the general purposes of the state of  
25 Washington; (3) Moneys to be paid into and received from retirement  
26 system funds, and performance bonds and deposits; (4) Moneys to be  
27 paid into and received from trust funds and the several permanent and  
28 irreducible funds of the state and the moneys derived therefrom but  
29 excluding bond redemption funds; (5) Moneys received from taxes  
30 levied for specific purposes and required to be deposited for those  
31 purposes into specified funds or accounts other than the general  
32 fund; and (6) Proceeds received from the sale of bonds or other  
33 evidences of indebtedness.

34 (d) In computing the amount required for payment of principal and  
35 interest on outstanding debt under this section, debt shall be  
36 construed to mean borrowed money represented by bonds, notes, or  
37 other evidences of indebtedness which are secured by the full faith  
38 and credit of the state or are required to be repaid, directly or  
39 indirectly, from general state revenues and which are incurred by the  
40 state, any department, authority, public corporation, or quasi public

1 corporation of the state, any state university or college, or any  
2 other public agency created by the state but not by counties, cities,  
3 towns, school districts, or other municipal corporations, but shall  
4 not include obligations for the payment of current expenses of state  
5 government, nor shall it include debt hereafter incurred pursuant to  
6 section 3 of this article, obligations guaranteed as provided for in  
7 subsection (g) of this section, principal of bond anticipation notes  
8 or obligations issued to fund or refund the indebtedness of the  
9 Washington state building authority. In addition, for the purpose of  
10 computing the amount required for payment of interest on outstanding  
11 debt under subsection (b) of this section and this subsection,  
12 "interest" shall be reduced by subtracting the amount scheduled to be  
13 received by the state as payments from the federal government in each  
14 year in respect of bonds, notes, or other evidences of indebtedness  
15 subject to this section.

16 (e) The state may pledge the full faith, credit, and taxing power  
17 of the state to guarantee the voter approved general obligation debt  
18 of school districts in the manner authorized by the legislature. Any  
19 such guarantee does not remove the debt obligation of the school  
20 district and is not state debt.

21 (f) The state may, without limitation, fund or refund, at or  
22 prior to maturity, the whole or any part of any existing debt or of  
23 any debt hereafter contracted pursuant to section 1, section 2, or  
24 section 3 of this article, including any premium payable with respect  
25 thereto and interest thereon, or fund or refund, at or prior to  
26 maturity, the whole or any part of any indebtedness incurred or  
27 authorized prior to the effective date of this amendment by any  
28 entity of the type described in subsection (h) of this section,  
29 including any premium payable with respect thereto and any interest  
30 thereon. Such funding or refunding shall not be deemed to be  
31 contracting debt by the state.

32 (g) Notwithstanding the limitation contained in subsection (b) of  
33 this section, the state may pledge its full faith, credit, and taxing  
34 power to guarantee the payment of any obligation payable from  
35 revenues received from any of the following sources: (1) Fees  
36 collected by the state as license fees for motor vehicles; (2) Excise  
37 taxes collected by the state on the sale, distribution or use of  
38 motor vehicle fuel; and (3) Interest on the permanent common school  
39 fund: *Provided*, That the legislature shall, at all times, provide  
40 sufficient revenues from such sources to pay the principal and

1 interest due on all obligations for which said source of revenue is  
2 pledged.

3 (h) No money shall be paid from funds in custody of the treasurer  
4 with respect to any debt contracted after the effective date of this  
5 amendment by the Washington state building authority, the capitol  
6 committee, or any similar entity existing or operating for similar  
7 purposes pursuant to which such entity undertakes to finance or  
8 provide a facility for use or occupancy by the state or any agency,  
9 department, or instrumentality thereof.

10 (i) The legislature shall prescribe all matters relating to the  
11 contracting, funding or refunding of debt pursuant to this section,  
12 including: The purposes for which debt may be contracted; by a  
13 favorable vote of three-fifths of the members elected to each house,  
14 the amount of debt which may be contracted for any class of such  
15 purposes; the kinds of notes, bonds, or other evidences of debt which  
16 may be issued by the state; and the manner by which the treasurer  
17 shall determine and advise the legislature, any appropriate agency,  
18 officer, or instrumentality of the state as to the available debt  
19 capacity within the limitation set forth in this section. The  
20 legislature may delegate to any state officer, agency, or  
21 instrumentality any of its powers relating to the contracting,  
22 funding or refunding of debt pursuant to this section except its  
23 power to determine the amount and purposes for which debt may be  
24 contracted.

25 (j) The full faith, credit, and taxing power of the state of  
26 Washington are pledged to the payment of the debt created on behalf  
27 of the state pursuant to this section and the legislature shall  
28 provide by appropriation for the payment of the interest upon and  
29 installments of principal of all such debt as the same falls due, but  
30 in any event, any court of record may compel such payment.

31 ~~(k) ((Notwithstanding the limitations contained in subsection (b)~~  
32 ~~of this section, the state may issue certificates of indebtedness in~~  
33 ~~such sum or sums as may be necessary to meet temporary deficiencies~~  
34 ~~of the treasury, to preserve the best interests of the state in the~~  
35 ~~conduct of the various state institutions, departments, bureaus, and~~  
36 ~~agencies during each fiscal year; such certificates may be issued~~  
37 ~~only to provide for appropriations already made by the legislature~~  
38 ~~and such certificates must be retired and the debt discharged other~~  
39 ~~than by refunding within twelve months after the date of~~  
40 ~~incurrence.)) Proceeds of debt issued pursuant to this section may be~~

1 spent only for capital purposes. "Capital purposes" means real  
2 property or real property improvements with a projected useful life  
3 of greater than thirteen years.

4 (1) Bonds, notes, or other obligations issued and sold by the  
5 state of Washington pursuant to and in conformity with this article  
6 shall not be invalid for any irregularity or defect in the  
7 proceedings of the issuance or sale thereof and shall be  
8 incontestable in the hands of a bona fide purchaser or holder  
9 thereof.

10 BE IT FURTHER RESOLVED, That this amendment is a single amendment  
11 within the meaning of Article XXIII, section 1 of the state  
12 Constitution.

13 The legislature finds that the changes contained in this  
14 amendment constitute a single integrated plan for restricting state  
15 fiscal obligations. If this amendment is held to be separate  
16 amendments, this joint resolution is void in its entirety and is of  
17 no further force and effect.

18 BE IT FURTHER RESOLVED, That the secretary of state must cause  
19 notice of this constitutional amendment to be published at least four  
20 times during the four weeks next preceding the election in every  
21 legal newspaper in the state.

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