
SENATE BILL 6355

State of Washington

65th Legislature

2018 Regular Session

By Senator Ericksen

1 AN ACT Relating to limitations on state revenue; amending RCW
2 43.135.060, 43.135.034, 43.135.902, 47.56.725, 82.14.310, 82.14.320,
3 82.14.330, and 90.76.090; reenacting and amending RCW 43.84.092;
4 adding new sections to chapter 43.88 RCW; adding new sections to
5 chapter 43.135 RCW; repealing RCW 43.135.025, 43.135.0342,
6 43.135.0343, 43.135.0351, 43.135.080, and 43.135.904; prescribing
7 penalties; and providing an effective date.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** The legislature declares that:

10 (1) The continued growth in the burden of tax levies and other
11 revenue generating assessments imposed on the citizens and businesses
12 of the state of Washington and the corresponding growth in state
13 government is contrary to the interests of the people of the state of
14 Washington;

15 (2) It is necessary to reaffirm the people's will to limit the
16 rate of growth of state government while assuring adequate funding of
17 essential services, including basic education as required by Article
18 IX, section 1 of the state Constitution;

19 (3) During periods of severe economic downturns or fiscal
20 emergencies, receipts of state revenue collections may decline below
21 the state revenue collection limit established in this chapter and,

1 therefore, it is necessary and vital for the state of Washington to
2 maintain an adequate reserve of state revenue collections to provide
3 a resource for the stable financing of essential state services
4 during such periods; and

5 (4) A state tax limitation was passed by a vote of the people at
6 the November 6, 1979, state general election. However, because of a
7 high base calculation, that state tax limitation has not been
8 effective in carrying out the intent of the people to limit revenues
9 and the growth of state government.

10 NEW SECTION. **Sec. 2.** It is the intent of the legislature to:

11 (1) Establish a limitation that will assure that the growth rate
12 of state revenue collections does not exceed an established
13 percentage of the economy as represented by total state personal
14 income;

15 (2) Reaffirm that the state shall not impose upon any political
16 subdivision of the state the responsibility for new programs,
17 programs previously offered by the state, or increased levels of
18 service unless the costs of these programs or services are paid or
19 reimbursed by the state;

20 (3) Provide for adjustment of the state revenue collection limit
21 when the costs of a federal, state, or political subdivision program,
22 service, project, facility, or activity are transferred in such a
23 manner that the result is an increase or decrease in state revenue
24 collections;

25 (4) Establish a responsible and fiscally sound revenue reserve
26 fund for use in severe economic downturns or fiscal emergencies;

27 (5) Establish procedures for the disposition of amounts collected
28 in excess of this limit;

29 (6) Establish procedures for use when estimated state revenue
30 collections fall below the state revenue collection limit; and

31 (7) Establish procedures for exceeding the limit in emergency
32 situations.

33 NEW SECTION. **Sec. 3.** The definitions in this section apply
34 throughout this chapter unless the context clearly requires
35 otherwise.

36 (1) "Estimated state revenue collections" means the estimated
37 state revenue collections as published in the most recent official
38 economic and revenue forecast prepared under RCW 82.33.020.

1 (2) "Fiscal year" means the year beginning July 1st and ending
2 June 30th.

3 (3) "General obligation debt reduction account" means the general
4 obligation debt reduction account created in section 12 of this act.

5 (4) "Limitation factor" means the percentage created by dividing
6 the sum of total state revenue collections for the fiscal years 2013
7 through 2017 by the sum of total state personal income for the fiscal
8 years 2013 through 2017.

9 (5) "Political subdivision" means any division of the state made
10 by proper authorities thereof, acting within their constitutional or
11 legislatively authorized powers, for the purpose of carrying out the
12 administration of governmental powers of a subordinate or local
13 nature.

14 (6) "Revenue measure" means any tax, fee, license, charge,
15 assessment, tariff, toll, duty, or other encumbrance levied, set,
16 imposed, or exacted on persons, income, property, or activities or
17 any expansion of the base of any existing tax, fee, license, charge,
18 assessment, tariff, toll, duty, or other encumbrance levied, set,
19 imposed, or exacted on persons, income, property, or activities.

20 (7) "Revenue reserve fund" means the revenue reserve fund created
21 in section 8 of this act.

22 (8) "State revenue collections" means all moneys received,
23 collected, or owed from each and every source as required by law or
24 rule, whether or not such funds are otherwise subject to legislative
25 appropriation, including funds maintained or deposited outside the
26 state treasury. Unless otherwise stated to the contrary, "state
27 revenue collections" does not include:

28 (a) Moneys received as a gift, grant, donation, aid, or
29 assistance from any person, firm, or corporation, public or private,
30 when the terms and conditions of such gift, grant, donation, aid, or
31 assistance require the application and disbursement of such moneys
32 otherwise than for the general purposes of the state of Washington;

33 (b) Moneys received as a gift, grant, donation, aid, or
34 assistance from the United States, or any department, agency, bureau,
35 or corporation of the United States;

36 (c) Moneys derived from the investment of funds under the
37 authority of the state investment board under chapter 43.33A RCW;

38 (d) Moneys received from performance bonds and deposits;

39 (e) Moneys paid into or received from the accident fund
40 established under RCW 51.44.010, the medical aid fund established

1 under RCW 51.44.020, the reserve fund established under RCW
2 51.44.033, and the second injury fund established under RCW
3 51.44.040, for the purposes authorized as of December 31, 2017;

4 (f) Moneys paid into or received from trust funds that were
5 created or established before December 31, 2017;

6 (g) Moneys paid into or received from a permanent and irreducible
7 fund of the state that was created or established before December 31,
8 2017;

9 (h) Moneys received from the sale of bonds or other evidences of
10 indebtedness;

11 (i) Moneys paid into or deposited to funds or accounts by the
12 state for disbursement to political subdivisions of the state.
13 However, these funds or accounts must have been created or
14 established before December 31, 2017;

15 (j) Moneys dedicated under Article II, section 40 of the state
16 Constitution;

17 (k) Moneys paid into or received from the revenue reserve fund;
18 or

19 (l) Moneys paid into or received from the general obligation debt
20 reduction account.

21 (9) "State revenue collection limit" or "limit" means the
22 limitation established in section 5 of this act.

23 (10) "Total state personal income" means the estimated total
24 personal income for the state during a fiscal year as published by
25 the United States department of commerce, bureau of economic
26 analysis, or its successor, and as reported in the most recent
27 official economic and revenue forecast prepared under RCW 82.33.020.

28 (11) "Undesignated fund balance" means any unreserved and
29 undesignated current assets or other resources available for
30 expenditure over and above any current liabilities that are expected
31 to be incurred by the close of a fiscal year.

32 NEW SECTION. **Sec. 4.** By November 20, 2018, the economic and
33 revenue forecast supervisor, as defined in RCW 82.33.010, must
34 compute the limitation factor. Upon computing the limitation factor,
35 the economic and revenue forecast supervisor must make and file, with
36 the secretary of state, a certificate containing the results of the
37 computation and any amendment or adjustment thereof. Copies of the
38 certificate must be sent to each elected official of the state and
39 each member of the legislature.

1 NEW SECTION. **Sec. 5.** (1) Unless otherwise provided for in this
2 chapter, the state revenue collection limit for the fiscal year
3 beginning July 1, 2019, and for each fiscal year thereafter, must be
4 the limitation factor multiplied by the total state personal income
5 for the fiscal year for which the limit is being calculated.

6 (2) To establish the revenue collection limit for the fiscal year
7 beginning July 1, 2019, the economic and revenue forecast supervisor
8 must use total state personal income as published by the United
9 States department of commerce, bureau of economic analysis, or its
10 successor, and as reported in the November 2018 official economic and
11 revenue forecast prepared under RCW 82.33.020.

12 (3) To establish the revenue collection limit for the fiscal year
13 beginning July 1, 2020, the economic and revenue forecast supervisor
14 must use total state personal income as published by the United
15 States department of commerce, bureau of economic analysis, or its
16 successor, and as reported in the November 2019 official economic and
17 revenue forecast prepared under RCW 82.33.020.

18 (4) For each fiscal year thereafter, the state revenue collection
19 limit must be established by the economic and revenue forecast
20 supervisor on November 20th of the year immediately preceding the
21 fiscal year for which the limit is being calculated.

22 NEW SECTION. **Sec. 6.** Except as otherwise provided for in this
23 chapter, all state revenue measures from which state revenue
24 collections are derived must be imposed, levied, or set by law or
25 rule in such a manner that estimated state revenue collections for
26 each fiscal year will not exceed the state revenue collection limit
27 established for the corresponding fiscal year.

28 NEW SECTION. **Sec. 7.** (1) The state must not expend funds
29 derived from state revenue collections for any fiscal year in excess
30 of the state revenue collection limit established for the
31 corresponding fiscal year.

32 (2) Except under an appropriation provided for a declaration of
33 emergency under section 10 of this act, the state treasurer must not
34 issue or redeem any check, warrant, or voucher from funds derived
35 from state revenue collections that would result in an expenditure
36 for any fiscal year in excess of the state revenue collection limit
37 for the corresponding fiscal year. A violation of this subsection
38 constitutes a violation of RCW 43.88.290.

1 (3) In addition to the penalties provided in RCW 43.88.300 for a
2 judgment against the state treasurer for violating RCW 43.88.290, the
3 attorney general may take civil action for such violations.

4 NEW SECTION. **Sec. 8.** (1) A revenue reserve fund is created in
5 the custody of the state treasurer. Only the state treasurer may
6 transfer moneys to or from the fund as provided in this chapter. On
7 the effective date of this section, all funds currently contained, or
8 on deposit, in the budget stabilization account created in RCW
9 43.79.490 must be transferred into the revenue reserve fund.

10 (2) The state treasurer must transfer to the revenue reserve fund
11 a sum equal to the amount of any state revenue collections in excess
12 of the state revenue collection limit. Deposits authorized under this
13 subsection must be made the last day of each fiscal year based on
14 estimated state revenue collections for that fiscal year.

15 (3) Upon the completion of any fiscal year for which there is an
16 undesignated fund balance, the state treasurer must transfer to the
17 revenue reserve fund a sum equal to the amount of any undesignated
18 fund balance.

19 (4) The state treasurer must transfer to the revenue reserve fund
20 any other amounts the legislature may from time to time direct to be
21 deposited or transferred into the fund.

22 (5) The balance of the revenue reserve fund at the end of a
23 fiscal year must not exceed two and one-half percent of the
24 immediately preceding fiscal year's state revenue collection limit.
25 Any amount in excess of this two and one-half percent limit must be
26 transferred by the state treasurer to the general obligation debt
27 reduction account.

28 NEW SECTION. **Sec. 9.** (1) If, at the time the state revenue
29 collection limit is established as required under section 5 of this
30 act, the estimated state revenue collections for the corresponding
31 fiscal year are projected to be below the state revenue collection
32 limit, the state treasurer must immediately transfer to the state
33 general fund from amounts available in the revenue reserve fund a sum
34 equal to the difference between estimated state revenue collections
35 and the state revenue collection limit for use during such fiscal
36 year.

37 (2) If the procedure required under subsection (1) of this
38 section has been implemented and there remains a difference between

1 the state revenue collection limit and estimated state revenue
2 collections, the legislature may, by an affirmative vote of sixty
3 percent of each house, enact revenue measures necessary to generate
4 any sum that is equal to or below the state revenue collection limit
5 less the estimated state revenue collections.

6 (3) Any revenue measure enacted under subsection (2) of this
7 section may be imposed, levied, or set by law or rule for a period of
8 up to twenty-four months from the effective date of such revenue
9 measure.

10 NEW SECTION. **Sec. 10.** (1) The state revenue collection limit
11 may be exceeded upon declaration of an emergency by the governor and
12 a law approved by an affirmative vote of seventy-five percent of each
13 house of the legislature. The declaration of emergency must set forth
14 the circumstances constituting the emergency and the amount of state
15 revenue collections in excess of the applicable state revenue
16 collection limit necessary to meet the emergency.

17 (2) A declaration of emergency for the purposes of exceeding the
18 state revenue collection limit must not exceed twenty-four months.

19 (3) The state revenue collection limit may be exceeded by an
20 amount no greater than that indicated by the governor in his or her
21 emergency declaration.

22 (4) The amount of state revenue collections authorized under this
23 section in excess of the state revenue collection limit is not
24 subject to the provisions of sections 7(2) and 8(2) of this act.

25 (5) Revenue measures enacted to meet the costs of an emergency
26 under this section may be imposed, levied, or set by law or rule for
27 a period not to exceed twenty-four months from the effective date of
28 the revenue measures. However, all revenue measures enacted to meet
29 the cost of an emergency under this section expire immediately upon
30 the expiration of the declaration of emergency.

31 NEW SECTION. **Sec. 11.** (1) If by order of any court, the costs
32 of a federal, state, or political subdivision program, service,
33 project, facility, or activity are transferred in such a manner that
34 the result is an increase or decrease in state revenue collections,
35 the limitation factor must be adjusted and the state revenue
36 collection limit recalculated as provided in this section. The office
37 of financial management must determine the total dollar amount of any

1 increase or decrease in state revenue collections caused by such a
2 transfer.

3 (2) For the purpose of this section, "adjusted limitation factor"
4 means the total dollar amount of any such increase or decrease in
5 state revenue collections for the fiscal year in which the increase
6 or decrease is effective divided by the corresponding fiscal year's
7 total state personal income plus or minus the limitation factor or
8 the most recent adjusted limitation factor.

9 (3) For the fiscal year in which any such increase or decrease is
10 effective and for each fiscal year thereafter, the state revenue
11 collection limit must be the adjusted limitation factor multiplied by
12 total state personal income for the fiscal year for which the limit
13 is being recalculated or calculated.

14 (4) For the fiscal year in which any state revenue collections
15 increase or decrease required by subsection (1) of this section
16 become effective, the state revenue collection limit as adjusted in
17 this section must be recalculated by the economic and revenue
18 forecast supervisor before the beginning of that fiscal year. For the
19 fiscal years thereafter, the state revenue collection limit must be
20 established by the economic and revenue forecast supervisor on
21 November 20th of the year immediately preceding the fiscal year for
22 which the state revenue collection limit is being calculated.

23 NEW SECTION. **Sec. 12.** The general obligation debt reduction
24 account is created in the state treasury. Moneys in the account may
25 be spent only following appropriation by law and must be used solely
26 for the purposes of reducing the outstanding principal and interest
27 of the general obligation indebtedness of the state of Washington.

28 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.88
29 RCW to read as follows:

30 The official, optimistic, and pessimistic revenue forecasts
31 prepared under RCW 82.33.020 must include revenue estimates for all
32 state revenue collections as defined in chapter 43.135 RCW.

33 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.88
34 RCW to read as follows:

35 The budget document submitted by the governor to the legislature
36 under RCW 43.88.030 must reflect the state revenue collection limit
37 established under chapter 43.135 RCW and may not propose expenditures

1 from funds derived from state revenue collections in excess of the
2 state revenue collection limit established for the fiscal year or
3 years to which the budget pertains.

4 **Sec. 15.** RCW 43.135.060 and 2015 c 53 s 71 are each amended to
5 read as follows:

6 (1) After July 1, (~~(1995)~~) 2018, the legislature shall not impose
7 responsibility for new programs, programs previously provided by the
8 state, or increased levels of service under existing programs on any
9 political subdivision of the state unless the subdivision is fully
10 reimbursed by the state for the costs of the new programs or
11 increases in service levels. Reimbursement by the state may be made
12 by: (a) A specific appropriation; or (b) increases in state
13 distributions of revenue to political subdivisions occurring after
14 January 1, 1998.

15 ~~(2) ((If by order of any court, or legislative enactment, the~~
16 ~~costs of a federal or local government program are transferred to or~~
17 ~~from the state, the otherwise applicable state expenditure limit~~
18 ~~shall be increased or decreased, as the case may be, by the dollar~~
19 ~~amount of the costs of the program.~~

20 ~~(3) The legislature, in consultation with the office of financial~~
21 ~~management or its successor agency, shall determine the costs of any~~
22 ~~new programs or increased levels of service under existing programs~~
23 ~~imposed on any political subdivision or transferred to or from the~~
24 ~~state.~~

25 ~~(4))~~ Subsection (1) of this section does not apply to the costs
26 incurred for voting devices or machines under RCW 29A.12.150.

27 (3) No portion of the reimbursement provided under subsection (1)
28 of this section by the state to a political subdivision may be in the
29 form of authorization for a new or increased revenue measure.

30 **Sec. 16.** RCW 43.84.092 and 2017 3rd sp.s. c 25 s 50, 2017 3rd
31 sp.s. c 12 s 12, and 2017 c 290 s 8 are each reenacted and amended to
32 read as follows:

33 (1) All earnings of investments of surplus balances in the state
34 treasury shall be deposited to the treasury income account, which
35 account is hereby established in the state treasury.

36 (2) The treasury income account shall be utilized to pay or
37 receive funds associated with federal programs as required by the
38 federal cash management improvement act of 1990. The treasury income

1 account is subject in all respects to chapter 43.88 RCW, but no
2 appropriation is required for refunds or allocations of interest
3 earnings required by the cash management improvement act. Refunds of
4 interest to the federal treasury required under the cash management
5 improvement act fall under RCW 43.88.180 and shall not require
6 appropriation. The office of financial management shall determine the
7 amounts due to or from the federal government pursuant to the cash
8 management improvement act. The office of financial management may
9 direct transfers of funds between accounts as deemed necessary to
10 implement the provisions of the cash management improvement act, and
11 this subsection. Refunds or allocations shall occur prior to the
12 distributions of earnings set forth in subsection (4) of this
13 section.

14 (3) Except for the provisions of RCW 43.84.160, the treasury
15 income account may be utilized for the payment of purchased banking
16 services on behalf of treasury funds including, but not limited to,
17 depository, safekeeping, and disbursement functions for the state
18 treasury and affected state agencies. The treasury income account is
19 subject in all respects to chapter 43.88 RCW, but no appropriation is
20 required for payments to financial institutions. Payments shall occur
21 prior to distribution of earnings set forth in subsection (4) of this
22 section.

23 (4) Monthly, the state treasurer shall distribute the earnings
24 credited to the treasury income account. The state treasurer shall
25 credit the general fund with all the earnings credited to the
26 treasury income account except:

27 (a) The following accounts and funds shall receive their
28 proportionate share of earnings based upon each account's and fund's
29 average daily balance for the period: The aeronautics account, the
30 aircraft search and rescue account, the Alaskan Way viaduct
31 replacement project account, the brownfield redevelopment trust fund
32 account, the budget stabilization account, the capital vessel
33 replacement account, the capitol building construction account, the
34 Cedar River channel construction and operation account, the Central
35 Washington University capital projects account, the charitable,
36 educational, penal and reformatory institutions account, the Chehalis
37 basin account, the cleanup settlement account, the Columbia river
38 basin water supply development account, the Columbia river basin
39 taxable bond water supply development account, the Columbia river
40 basin water supply revenue recovery account, the common school

1 construction fund, the community forest trust account, the connecting
2 Washington account, the county arterial preservation account, the
3 county criminal justice assistance account, the deferred compensation
4 administrative account, the deferred compensation principal account,
5 the department of licensing services account, the department of
6 retirement systems expense account, the developmental disabilities
7 community trust account, the diesel idle reduction account, the
8 drinking water assistance account, the drinking water assistance
9 administrative account, the early learning facilities development
10 account, the early learning facilities revolving account, the Eastern
11 Washington University capital projects account, the Interstate 405
12 express toll lanes operations account, the education construction
13 fund, the education legacy trust account, the election account, the
14 electric vehicle charging infrastructure account, the energy freedom
15 account, the energy recovery act account, the essential rail
16 assistance account, The Evergreen State College capital projects
17 account, the federal forest revolving account, the ferry bond
18 retirement fund, the freight mobility investment account, the freight
19 mobility multimodal account, the general obligation debt reduction
20 account, the grade crossing protective fund, the public health
21 services account, (~~the high capacity transportation account,~~) the
22 state higher education construction account, the higher education
23 construction account, the highway bond retirement fund, the highway
24 infrastructure account, the highway safety fund, the high occupancy
25 toll lanes operations account, the hospital safety net assessment
26 fund, the industrial insurance premium refund account, the judges'
27 retirement account, the judicial retirement administrative account,
28 the judicial retirement principal account, the local leasehold excise
29 tax account, the local real estate excise tax account, the local
30 sales and use tax account, the marine resources stewardship trust
31 account, the medical aid account, the mobile home park relocation
32 fund, the money-purchase retirement savings administrative account,
33 the money-purchase retirement savings principal account, the motor
34 vehicle fund, the motorcycle safety education account, the multimodal
35 transportation account, the multiuse roadway safety account, the
36 municipal criminal justice assistance account, the natural resources
37 deposit account, the oyster reserve land account, the pension funding
38 stabilization account, the perpetual surveillance and maintenance
39 account, the pollution liability insurance agency underground storage
40 tank revolving account, the public employees' retirement system plan

1 1 account, the public employees' retirement system combined plan 2
2 and plan 3 account, the public facilities construction loan revolving
3 account beginning July 1, 2004, the public health supplemental
4 account, the public works assistance account, the Puget Sound capital
5 construction account, the Puget Sound ferry operations account, the
6 Puget Sound taxpayer accountability account, the real estate
7 appraiser commission account, the recreational vehicle account, the
8 regional mobility grant program account, the resource management cost
9 account, the revenue reserve fund, the rural arterial trust account,
10 the rural mobility grant program account, the rural Washington loan
11 fund, the sexual assault prevention and response account, the site
12 closure account, the skilled nursing facility safety net trust fund,
13 the small city pavement and sidewalk account, the special category C
14 account, the special wildlife account, the state employees' insurance
15 account, the state employees' insurance reserve account, the state
16 investment board expense account, the state investment board
17 commingled trust fund accounts, the state patrol highway account, the
18 state route number 520 civil penalties account, the state route
19 number 520 corridor account, the state wildlife account, the
20 supplemental pension account, the Tacoma Narrows toll bridge account,
21 the teachers' retirement system plan 1 account, the teachers'
22 retirement system combined plan 2 and plan 3 account, the tobacco
23 prevention and control account, the tobacco settlement account, the
24 toll facility bond retirement account, the transportation 2003
25 account (nickel account), the transportation equipment fund, the
26 transportation future funding program account, the transportation
27 improvement account, the transportation improvement board bond
28 retirement account, the transportation infrastructure account, the
29 transportation partnership account, the traumatic brain injury
30 account, the tuition recovery trust fund, the University of
31 Washington bond retirement fund, the University of Washington
32 building account, the volunteer firefighters' and reserve officers'
33 relief and pension principal fund, the volunteer firefighters' and
34 reserve officers' administrative fund, the Washington judicial
35 retirement system account, the Washington law enforcement officers'
36 and firefighters' system plan 1 retirement account, the Washington
37 law enforcement officers' and firefighters' system plan 2 retirement
38 account, the Washington public safety employees' plan 2 retirement
39 account, the Washington school employees' retirement system combined
40 plan 2 and 3 account, the Washington state health insurance pool

1 account, the Washington state patrol retirement account, the
2 Washington State University building account, the Washington State
3 University bond retirement fund, the water pollution control
4 revolving administration account, the water pollution control
5 revolving fund, the Western Washington University capital projects
6 account, the Yakima integrated plan implementation account, the
7 Yakima integrated plan implementation revenue recovery account, and
8 the Yakima integrated plan implementation taxable bond account.
9 Earnings derived from investing balances of the agricultural
10 permanent fund, the normal school permanent fund, the permanent
11 common school fund, the scientific permanent fund, the state
12 university permanent fund, and the state reclamation revolving
13 account shall be allocated to their respective beneficiary accounts.

14 (b) Any state agency that has independent authority over accounts
15 or funds not statutorily required to be held in the state treasury
16 that deposits funds into a fund or account in the state treasury
17 pursuant to an agreement with the office of the state treasurer shall
18 receive its proportionate share of earnings based upon each account's
19 or fund's average daily balance for the period.

20 (5) In conformance with Article II, section 37 of the state
21 Constitution, no treasury accounts or funds shall be allocated
22 earnings without the specific affirmative directive of this section.

23 **Sec. 17.** RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each
24 amended to read as follows:

25 (1)~~((a))~~ Subject to section 5 of this act, any action or
26 combination of actions by the legislature that raises taxes may be
27 taken only if approved by a two-thirds vote in both the house of
28 representatives and the senate. Pursuant to the referendum power set
29 forth in Article II, section 1(b) of the state Constitution, tax
30 increases may be referred to the voters for their approval or
31 rejection at an election.

32 ~~((b))~~ (2) For the purposes of this chapter, "raises taxes"
33 means any action or combination of actions by the state legislature
34 that increases state tax revenue deposited in any fund, budget, or
35 account, regardless of whether the revenues are deposited into the
36 general fund.

37 ~~((2)(a) If the legislative action under subsection (1) of this~~
38 ~~section will result in expenditures in excess of the state~~
39 ~~expenditure limit, then the action of the legislature may not take~~

1 effect until approved by a vote of the people at a November general
2 election. The state expenditure limit committee must adjust the state
3 expenditure limit by the amount of additional revenue approved by the
4 voters under this section. This adjustment may not exceed the amount
5 of revenue generated by the legislative action during the first full
6 fiscal year in which it is in effect. The state expenditure limit
7 must be adjusted downward upon expiration or repeal of the
8 legislative action.

9 (b) The ballot title for any vote of the people required under
10 this section must be substantially as follows:

11 "Shall taxes be imposed on in order to allow a
12 spending increase above last year's authorized spending adjusted for
13 personal income growth?"

14 (3)(a) The state expenditure limit may be exceeded upon
15 declaration of an emergency for a period not to exceed twenty-four
16 months by a law approved by a two-thirds vote of each house of the
17 legislature and signed by the governor. The law must set forth the
18 nature of the emergency, which is limited to natural disasters that
19 require immediate government action to alleviate human suffering and
20 provide humanitarian assistance. The state expenditure limit may be
21 exceeded for no more than twenty-four months following the
22 declaration of the emergency and only for the purposes contained in
23 the emergency declaration.

24 (b) Additional taxes required for an emergency under this section
25 may be imposed only until thirty days following the next general
26 election, unless an extension is approved at that general election.
27 The additional taxes expire upon expiration of the declaration of
28 emergency. The legislature may not impose additional taxes for
29 emergency purposes under this subsection unless funds in the
30 education construction fund have been exhausted.

31 (c) The state or any political subdivision of the state may not
32 impose any tax on intangible property listed in RCW 84.36.070 as that
33 statute exists on January 1, 1993.

34 (4) If the cost of any state program or function is shifted from
35 the state general fund to another source of funding, or if moneys are
36 transferred from the state general fund to another fund or account,
37 the state expenditure limit committee, acting pursuant to RCW
38 43.135.025(5), must lower the state expenditure limit to reflect the
39 shift. For the purposes of this section, a transfer of money from the

1 ~~state general fund to another fund or account includes any state~~
2 ~~legislative action taken that has the effect of reducing revenues~~
3 ~~from a particular source, where such revenues would otherwise be~~
4 ~~deposited into the state general fund, while increasing the revenues~~
5 ~~from that particular source to another state or local government~~
6 ~~account. This subsection does not apply to: (a) The dedication or use~~
7 ~~of lottery revenues under RCW 67.70.240(1)(c), in support of~~
8 ~~education or education expenditures; (b) a transfer of moneys to, or~~
9 ~~an expenditure from, the budget stabilization account; or (c) a~~
10 ~~transfer of money to, or an expenditure from, the connecting~~
11 ~~Washington account established in RCW 46.68.395.~~

12 ~~(5) If the cost of any state program or function and the ongoing~~
13 ~~revenue necessary to fund the program or function are shifted to the~~
14 ~~state general fund on or after January 1, 2007, the state expenditure~~
15 ~~limit committee, acting pursuant to RCW 43.135.025(5), must increase~~
16 ~~the state expenditure limit to reflect the shift unless the shifted~~
17 ~~revenue had previously been shifted from the general fund.)~~

18 **Sec. 18.** RCW 43.135.902 and 1994 c 2 s 10 are each amended to
19 read as follows:

20 This chapter may be known and cited as the ((~~taxpayer~~
21 ~~protection~~)) state revenue collection limitation act.

22 **Sec. 19.** RCW 47.56.725 and 2015 c 230 s 1 are each amended to
23 read as follows:

24 (1) The department is hereby authorized to enter into a
25 continuing agreement with Pierce, Skagit, and Whatcom counties
26 pursuant to which the department shall, from time to time, direct the
27 distribution to each of the counties the amounts authorized in
28 subsection (2) of this section in accordance with RCW 46.68.090.

29 (2) The department is authorized to include in each agreement a
30 provision for the distribution of funds to each county to reimburse
31 the county for fifty percent of the deficit incurred during each
32 previous fiscal year in the operation and maintenance of the ferry
33 system owned and operated by the county. The total amount to be
34 reimbursed to Pierce, Skagit, and Whatcom counties collectively shall
35 not exceed one million eight hundred thousand dollars in the
36 2015-2017 biennium. For subsequent biennia, the amount authorized in
37 this section ((~~must increase by the fiscal growth factor as defined~~
38 ~~in RCW 43.135.025~~)) is subject to section 5 of this act. Each county

1 agreement shall contain a requirement that the county shall maintain
2 tolls on its ferries at least equal to published fares in place on
3 January 1, 2015, excluding surcharges.

4 (3) The annual fiscal year operating and maintenance deficit, if
5 any, shall be determined by Pierce, Skagit, and Whatcom counties
6 subject to review and approval of the department. The annual fiscal
7 year operating and maintenance deficit is defined as the total of
8 operations and maintenance expenditures less the sum of ferry toll
9 revenues and that portion of fuel tax revenue distributions which are
10 attributable to the county ferry as determined by the department.
11 Distribution of the amounts authorized by subsection (2) of this
12 section by the state treasurer shall be directed by the department
13 upon the receipt of properly executed vouchers from each county.

14 (4) The county road administration board may evaluate requests by
15 Pierce, Skagit, Wahkiakum, and Whatcom counties for county ferry
16 capital improvement funds. The board shall evaluate the requests and,
17 if approved by a majority of the board, submit the requests to the
18 legislature for funding out of the amounts available under RCW
19 46.68.090(2)(h). Any county making a request under this subsection
20 shall first seek funding through the public works trust fund, or any
21 other available revenue source, where appropriate.

22 **Sec. 20.** RCW 82.14.310 and 2013 2nd sp.s. c 4 s 1004 are each
23 amended to read as follows:

24 (1) The county criminal justice assistance account is created in
25 the state treasury. Beginning in fiscal year 2000, the state
26 treasurer must transfer into the county criminal justice assistance
27 account from the general fund the sum of twenty-three million two
28 hundred thousand dollars divided into four equal deposits occurring
29 on July 1, October 1, January 1, and April 1. For each fiscal year
30 thereafter, the state treasurer must ~~((increase))~~ calculate the total
31 transfer ~~((by the fiscal growth factor, as defined in RCW 43.135.025,~~
32 ~~forecast for that fiscal year by the office of financial management~~
33 ~~in November of the preceding year))~~ subject to section 5 of this act.

34 (2) The moneys deposited in the county criminal justice
35 assistance account for distribution under this section, less any
36 moneys appropriated for purposes under subsection (4) of this
37 section, must be distributed ~~((at such times as distributions are~~
38 ~~made under RCW 82.44.150 and))~~ on the relative basis of each county's
39 funding factor as determined under this subsection.

1 (a) A county's funding factor is the sum of:
2 (i) The population of the county, divided by one thousand, and
3 multiplied by two-tenths;
4 (ii) The crime rate of the county, multiplied by three-tenths;
5 and
6 (iii) The annual number of criminal cases filed in the county
7 superior court, for each one thousand in population, multiplied by
8 five-tenths.

9 (b) Under this section and RCW 82.14.320 and 82.14.330:
10 (i) The population of the county or city is as last determined by
11 the office of financial management;
12 (ii) The crime rate of the county or city is the annual
13 occurrence of specified criminal offenses, as calculated in the most
14 recent annual report on crime in Washington state as published by the
15 Washington association of sheriffs and police chiefs, for each one
16 thousand in population;
17 (iii) The annual number of criminal cases filed in the county
18 superior court must be determined by the most recent annual report of
19 the courts of Washington, as published by the administrative office
20 of the courts;
21 (iv) Distributions and eligibility for distributions in the
22 1989-1991 biennium must be based on 1988 figures for both the crime
23 rate as described under (ii) of this subsection and the annual number
24 of criminal cases that are filed as described under (iii) of this
25 subsection. Future distributions must be based on the most recent
26 figures for both the crime rate as described under (ii) of this
27 subsection and the annual number of criminal cases that are filed as
28 described under (iii) of this subsection.

29 (3) Moneys distributed under this section must be expended
30 exclusively for criminal justice purposes and may not be used to
31 replace or supplant existing funding. Criminal justice purposes are
32 defined as activities that substantially assist the criminal justice
33 system, which may include circumstances where ancillary benefit to
34 the civil or juvenile justice system occurs, and which includes (a)
35 domestic violence services such as those provided by domestic
36 violence programs, community advocates, and legal advocates, as
37 defined in RCW 70.123.020, and (b) during the 2001-2003 fiscal
38 biennium, juvenile dispositional hearings relating to petitions for
39 at-risk youth, truancy, and children in need of services. Existing
40 funding for purposes of this subsection is defined as calendar year

1 1989 actual operating expenditures for criminal justice purposes.
2 Calendar year 1989 actual operating expenditures for criminal justice
3 purposes exclude the following: Expenditures for extraordinary events
4 not likely to reoccur, changes in contract provisions for criminal
5 justice services, beyond the control of the local jurisdiction
6 receiving the services, and major nonrecurring capital expenditures.

7 (4) Not more than five percent of the funds deposited to the
8 county criminal justice assistance account may be available for
9 appropriations for enhancements to the state patrol crime laboratory
10 system and the continuing costs related to these enhancements. Funds
11 appropriated from this account for such enhancements may not supplant
12 existing funds from the state general fund.

13 (5) During the 2011-2013 fiscal biennium, the amount that would
14 otherwise be transferred into the county criminal justice assistance
15 account from the general fund under subsection (1) of this section
16 must be reduced by 3.4 percent.

17 (6) During the 2013-2015 fiscal biennium, for the purposes of
18 substance abuse and other programs for offenders, the legislature may
19 appropriate from the county criminal justice assistance account such
20 amounts as are in excess of the amounts necessary to fully meet the
21 state's obligations to the counties and to the Washington state
22 patrol. Excess amounts in this account are not the result of
23 subsection (5) of this section.

24 **Sec. 21.** RCW 82.14.320 and 2011 1st sp.s. c 50 s 971 are each
25 amended to read as follows:

26 (1) The municipal criminal justice assistance account is created
27 in the state treasury. Beginning in fiscal year 2000, the state
28 treasurer must transfer into the municipal criminal justice
29 assistance account for distribution under this section from the
30 general fund the sum of four million six hundred thousand dollars
31 divided into four equal deposits occurring on July 1, October 1,
32 January 1, and April 1. For each fiscal year thereafter, the state
33 treasurer must ~~((increase))~~ adjust the total transfer ~~((by the fiscal
34 growth factor, as defined in RCW 43.135.025, forecast for that fiscal
35 year by the office of financial management in November of the
36 preceding year))~~ subject to section 5 of this act.

37 (2) No city may receive a distribution under this section from
38 the municipal criminal justice assistance account unless:

1 (a) The city has a crime rate in excess of one hundred twenty-
2 five percent of the statewide average as calculated in the most
3 recent annual report on crime in Washington state as published by the
4 Washington association of sheriffs and police chiefs;

5 (b) The city has levied the tax authorized in RCW 82.14.030(2) at
6 the maximum rate or the tax authorized in RCW 82.46.010(3) at the
7 maximum rate; and

8 (c) The city has a per capita yield from the tax imposed under
9 RCW 82.14.030(1) at the maximum rate of less than one hundred fifty
10 percent of the statewide average per capita yield for all cities from
11 such local sales and use tax.

12 (3) The moneys deposited in the municipal criminal justice
13 assistance account for distribution under this section, less any
14 moneys appropriated for purposes under subsection (7) of this
15 section, must be distributed (~~at such times as distributions are~~
16 ~~made under RCW 82.44.150. The distributions must be made~~) as
17 follows:

18 (a) Unless reduced by this subsection, thirty percent of the
19 moneys must be distributed ratably based on population as last
20 determined by the office of financial management to those cities
21 eligible under subsection (2) of this section that have a crime rate
22 determined under subsection (2)(a) of this section which is greater
23 than one hundred seventy-five percent of the statewide average crime
24 rate. No city may receive more than fifty percent of any moneys
25 distributed under this subsection (a) but, if a city distribution is
26 reduced as a result of exceeding the fifty percent limitation, the
27 amount not distributed must be distributed under (b) of this
28 subsection.

29 (b) The remainder of the moneys, including any moneys not
30 distributed in subsection (2)(a) of this section, must be distributed
31 to all cities eligible under subsection (2) of this section ratably
32 based on population as last determined by the office of financial
33 management.

34 (4) No city may receive more than thirty percent of all moneys
35 distributed under subsection (3) of this section.

36 (5) Notwithstanding other provisions of this section, the
37 distributions to any city that substantially decriminalizes or
38 repeals its criminal code after July 1, 1990, and that does not
39 reimburse the county for costs associated with criminal cases under

1 RCW 3.50.800 or 3.50.805(2), must be made to the county in which the
2 city is located.

3 (6) Moneys distributed under this section must be expended
4 exclusively for criminal justice purposes and may not be used to
5 replace or supplant existing funding. Criminal justice purposes are
6 defined as activities that substantially assist the criminal justice
7 system, which may include circumstances where ancillary benefit to
8 the civil justice system occurs, and which includes domestic violence
9 services such as those provided by domestic violence programs,
10 community advocates, and legal advocates, as defined in RCW
11 70.123.020, and publications and public educational efforts designed
12 to provide information and assistance to parents in dealing with
13 runaway or at-risk youth. Existing funding for purposes of this
14 subsection is defined as calendar year 1989 actual operating
15 expenditures for criminal justice purposes. Calendar year 1989 actual
16 operating expenditures for criminal justice purposes exclude the
17 following: Expenditures for extraordinary events not likely to
18 reoccur, changes in contract provisions for criminal justice
19 services, beyond the control of the local jurisdiction receiving the
20 services, and major nonrecurring capital expenditures.

21 (7) Not more than five percent of the funds deposited to the
22 municipal criminal justice assistance account may be available for
23 appropriations for enhancements to the state patrol crime laboratory
24 system and the continuing costs related to these enhancements. Funds
25 appropriated from this account for such enhancements may not supplant
26 existing funds from the state general fund.

27 (8) During the 2011-2013 fiscal biennium, the amount that would
28 otherwise be transferred into the municipal criminal justice
29 assistance account from the general fund under subsection (1) of this
30 section must be reduced by 3.4 percent.

31 **Sec. 22.** RCW 82.14.330 and 2011 1st sp.s. c 50 s 972 are each
32 amended to read as follows:

33 (1)(a) Beginning in fiscal year 2000, the state treasurer must
34 transfer into the municipal criminal justice assistance account for
35 distribution under this section from the general fund the sum of four
36 million six hundred thousand dollars divided into four equal deposits
37 occurring on July 1, October 1, January 1, and April 1. For each
38 fiscal year thereafter, the state treasurer must (~~increase~~) adjust
39 the total transfer (~~by the fiscal growth factor, as defined in RCW~~

1 ~~43.135.025, forecast for that fiscal year by the office of financial~~
2 ~~management in November of the preceding year)) subject to section 5~~
3 ~~of this act.~~ The moneys deposited in the municipal criminal justice
4 assistance account for distribution under this section, less any
5 moneys appropriated for purposes under subsection (4) of this
6 section, must be distributed to the cities of the state as follows:

7 (i) Twenty percent appropriated for distribution must be
8 distributed to cities with a three-year average violent crime rate
9 for each one thousand in population in excess of one hundred fifty
10 percent of the statewide three-year average violent crime rate for
11 each one thousand in population. The three-year average violent crime
12 rate must be calculated using the violent crime rates for each of the
13 preceding three years from the annual reports on crime in Washington
14 state as published by the Washington association of sheriffs and
15 police chiefs. Moneys must be distributed under this subsection
16 (1)(a) ratably based on population as last determined by the office
17 of financial management, but no city may receive more than one dollar
18 per capita. Moneys remaining undistributed under this subsection at
19 the end of each calendar year must be distributed to the criminal
20 justice training commission to reimburse participating city law
21 enforcement agencies with ten or fewer full-time commissioned patrol
22 officers the cost of temporary replacement of each officer who is
23 enrolled in basic law enforcement training, as provided in RCW
24 43.101.200.

25 (ii) Sixteen percent must be distributed to cities ratably based
26 on population as last determined by the office of financial
27 management, but no city may receive less than one thousand dollars.

28 (b) The moneys deposited in the municipal criminal justice
29 assistance account for distribution under this subsection (1) must be
30 distributed (~~at such times as distributions are made under RCW~~
31 ~~82.44.150)).~~

32 (c) Moneys distributed under this subsection (1) must be expended
33 exclusively for criminal justice purposes and may not be used to
34 replace or supplant existing funding. Criminal justice purposes are
35 defined as activities that substantially assist the criminal justice
36 system, which may include circumstances where ancillary benefit to
37 the civil justice system occurs, and which includes domestic violence
38 services such as those provided by domestic violence programs,
39 community advocates, and legal advocates, as defined in RCW
40 70.123.020. Existing funding for purposes of this subsection is

1 defined as calendar year 1989 actual operating expenditures for
2 criminal justice purposes. Calendar year 1989 actual operating
3 expenditures for criminal justice purposes exclude the following:
4 Expenditures for extraordinary events not likely to reoccur, changes
5 in contract provisions for criminal justice services, beyond the
6 control of the local jurisdiction receiving the services, and major
7 nonrecurring capital expenditures.

8 (2)(a) In addition to the distributions under subsection (1) of
9 this section:

10 (i) Ten percent must be distributed on a per capita basis to
11 cities that contract with another governmental agency for the
12 majority of the city's law enforcement services. Cities that
13 subsequently qualify for this distribution must notify the department
14 of commerce by November 30th for the upcoming calendar year. The
15 department of commerce must provide a list of eligible cities to the
16 state treasurer by December 31st. The state treasurer must modify the
17 distribution of these funds in the following year. Cities have the
18 responsibility to notify the department of commerce of any changes
19 regarding these contractual relationships. Adjustments in the
20 distribution formula to add or delete cities may be made only for the
21 upcoming calendar year; no adjustments may be made retroactively.

22 (ii) The remaining fifty-four percent must be distributed to
23 cities and towns by the state treasurer on a per capita basis. These
24 funds must be used for: (A) Innovative law enforcement strategies;
25 (B) programs to help at-risk children or child abuse victim response
26 programs; and (C) programs designed to reduce the level of domestic
27 violence or to provide counseling for domestic violence victims.

28 (b) The moneys deposited in the municipal criminal justice
29 assistance account for distribution under this subsection (2), less
30 any moneys appropriated for purposes under subsection (4) of this
31 section, must be distributed (~~(at the times as distributions are made~~
32 ~~under RCW 82.44.150)~~). Moneys remaining undistributed under this
33 subsection at the end of each calendar year must be distributed to
34 the criminal justice training commission to reimburse participating
35 city law enforcement agencies with ten or fewer full-time
36 commissioned patrol officers the cost of temporary replacement of
37 each officer who is enrolled in basic law enforcement training, as
38 provided in RCW 43.101.200.

39 (c) If a city is found by the state auditor to have expended
40 funds received under this subsection (2) in a manner that does not

1 comply with the criteria under which the moneys were received, the
2 city is ineligible to receive future distributions under this
3 subsection (2) until the use of the moneys are justified to the
4 satisfaction of the director or are repaid to the state general fund.

5 (3) Notwithstanding other provisions of this section, the
6 distributions to any city that substantially decriminalizes or
7 repeals its criminal code after July 1, 1990, and that does not
8 reimburse the county for costs associated with criminal cases under
9 RCW 3.50.800 or 3.50.805(2), must be made to the county in which the
10 city is located.

11 (4) Not more than five percent of the funds deposited to the
12 municipal criminal justice assistance account may be available for
13 appropriations for enhancements to the state patrol crime laboratory
14 system and the continuing costs related to these enhancements. Funds
15 appropriated from this account for such enhancements may not supplant
16 existing funds from the state general fund.

17 (5) During the 2011-2013 fiscal biennium, the amount that would
18 otherwise be transferred into the municipal criminal justice
19 assistance account from the general fund under subsection (1) of this
20 section must be reduced by 3.4 percent.

21 **Sec. 23.** RCW 90.76.090 and 2007 c 147 s 7 are each amended to
22 read as follows:

23 (1) An annual tank fee of one hundred twenty dollars per tank is
24 effective July 1, 2007, to June 30, 2008. An annual tank fee of one
25 hundred forty dollars per tank is effective from July 1, 2008, to
26 June 30, 2009. Effective July 1, 2009, the annual tank fee will
27 increase up to one hundred sixty dollars per tank unless the
28 department has received sufficient additional federal grant funding
29 to offset the increased cost of implementation of the underground
30 storage tank compliance act of 2005 (Title XV, Subtitle B of the
31 energy policy act of 2005). Annually, beginning on July 1, 2010, and
32 upon a finding by the department that a fee increase is necessary,
33 the previous tank fee amount may be increased (~~up to the fiscal~~
34 ~~growth factor for the next year. The fiscal growth factor is~~
35 ~~calculated by the office of financial management under RCW 43.135.025~~
36 ~~for the upcoming biennium. The department shall use the fiscal growth~~
37 ~~factor to calculate the fee for the next year and shall publish the~~
38 ~~new fee by March 1st before the year for which the new fee is~~
39 ~~effective. The new tank fee is effective from July 1st to June 30th~~

1 ~~of every year~~) subject to section 5 of this act. The tank fee shall
2 be paid by every person who:

- 3 (a) Owns an underground storage tank located in this state; and
- 4 (b) Was required to provide notification to the department under
5 the federal act.

6 This fee is not required of persons who have (i) permanently
7 closed their tanks, and (ii) if required, have completed corrective
8 action in accordance with the rules adopted under this chapter.

9 (2) The department may authorize the imposition of additional
10 annual local tank fees in environmentally sensitive areas designated
11 under RCW 90.76.040. Annual local tank fees may not exceed fifty
12 percent of the annual state tank fee.

13 (3) State and local tank fees collected under this section shall
14 be deposited in the account established under RCW 90.76.100.

15 (4) Other than the annual local tank fee authorized for
16 environmentally sensitive areas, no local government may levy an
17 annual tank fee on the ownership or operation of an underground
18 storage tank.

19 NEW SECTION. **Sec. 24.** (1) Upon the effective date of this
20 section, all actions or combinations of actions by the state to
21 increase state revenue measures over those in effect on December 31,
22 2017, must revert to those in effect on December 31, 2017, except for
23 those under sections 9 and 10 of this act.

24 (2) The code reviser, in cooperation with the fiscal committees
25 of the house of representatives and the senate, must develop a
26 correction bill to reflect the changes required by subsection (1) of
27 this section. The correction bill must be introduced during the
28 legislative session immediately following the effective date of this
29 section.

30 (3) Before the adoption of the correction bill required under
31 this section, the governor may utilize any means provided by law to
32 ensure that the expenditure of funds derived from state revenue
33 collections does not exceed the state revenue collection limit.

34 NEW SECTION. **Sec. 25.** The following acts or parts of acts are
35 each repealed:

36 (1) RCW 43.135.025 (General fund expenditure limit—Computation—
37 Annual limit adjustment—Definitions—Emergency exception—State

1 treasurer duty, penalty—State expenditure limit committee) and 2015
2 3rd sp.s. c 29 s 3, 2009 c 479 s 35, 2005 c 72 s 4, 2000 2nd sp.s. c
3 2 s 1, & 1994 c 2 s 2;

4 (2) RCW 43.135.0342 (Dedication of premium taxes under RCW
5 48.14.0201 or 48.14.020) and 2013 2nd sp.s. c 6 s 4;

6 (3) RCW 43.135.0343 (Liquefied natural gas sales tax revenue
7 transfers) and 2014 c 216 s 407;

8 (4) RCW 43.135.0351 (Reinvesting in youth account transfers) and
9 2006 c 304 s 5;

10 (5) RCW 43.135.080 (Reenactment and reaffirmation of Initiative
11 Measure No. 601—Continued limitations—Exceptions) and 1998 c 321 s
12 14; and

13 (6) RCW 43.135.904 (Effective dates—1994 c 2) and 1994 c 2 s 14.

14 NEW SECTION. **Sec. 26.** If any provision of this act or its
15 application to any person or circumstance is held invalid, the
16 remainder of the act or the application of the provision to other
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 27.** Sections 1 through 12 of this act are
19 each added to chapter 43.135 RCW.

20 NEW SECTION. **Sec. 28.** This act takes effect July 1, 2018.

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