
HOUSE BILL 2857

State of Washington

66th Legislature

2020 Regular Session

By Representative Orcutt

Read first time 01/27/20. Referred to Committee on Appropriations.

1 AN ACT Relating to strengthening the state balanced budget
2 requirement and outlook process; amending RCW 43.88.055 and
3 82.33.060; and reenacting and amending RCW 82.33.020.

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

5 **Sec. 1.** RCW 43.88.055 and 2012 1st sp.s. c 8 s 1 are each
6 amended to read as follows:

7 (1) The legislature must adopt a four-year balanced budget as
8 follows:

9 (a) Beginning in the 2013-2015 fiscal biennium, the legislature
10 shall enact a balanced omnibus operating appropriations bill that
11 leaves, in total, a positive ending fund balance:

12 (i) Collectively in the general fund and related funds; and

13 (ii) Separately and respectively in the other funds subject to
14 the four-year balanced budget requirement.

15 (b) Beginning in the 2013-2015 fiscal biennium, the projected
16 maintenance level of the omnibus appropriations bill enacted by the
17 legislature shall not exceed the available fiscal resources for the
18 next ensuing fiscal biennium.

19 (c) Beginning in the 2021-2023 fiscal biennium, for other funds
20 subject to the four-year balanced budget requirement, the projected
21 maintenance level of the omnibus operating appropriations bill

1 enacted by the legislature shall not exceed the respective available
2 fiscal resources for those funds.

3 (2) For purposes of this section:

4 (a) "Available fiscal resources" means the beginning (~~general~~
5 ~~fund and related~~) fund balances and any fiscal resources estimated
6 for the (~~general fund and related~~) respective fund or group of
7 funds, adjusted for enacted legislation, and with forecasted revenues
8 adjusted to the greater of (i) the official (~~general fund and~~
9 related funds)) revenue forecast for the ensuing biennium, or (ii)
10 for the general fund and related funds only, the official general
11 fund and related funds forecast for the second fiscal year of the
12 current fiscal biennium, increased by 4.5 percent for each fiscal
13 year of the ensuing biennium(~~(†)~~).

14 (b) "Projected maintenance level" means estimated appropriations
15 necessary to maintain the continuing costs of program and service
16 levels either funded in that appropriations bill or mandated by other
17 state or federal law for the respective fund or group of funds, and
18 for the general fund also includes the amount of any general fund
19 moneys projected to be transferred to the budget stabilization
20 account pursuant to Article VII, section 12 of the state
21 Constitution(~~(, but does not include in the 2013-2015 and 2015-2017~~
22 ~~fiscal biennia the costs related to the enhanced funding under the~~
23 ~~new definition of basic education as established in chapter 548, Laws~~
24 ~~of 2009, and affirmed by the decision in Mathew McCleary et al., v.~~
25 ~~The State of Washington, 173 Wn.2d 477, 269 P.3d 227, (2012), from~~
26 ~~which the short-term exclusion of these obligations is solely for the~~
27 ~~purposes of calculating this estimate and does not in any way~~
28 ~~indicate an intent to avoid full funding of these obligations;†)~~).

29 (c) "Related funds," as used in this section, means the
30 Washington opportunity pathways account and the education legacy
31 trust account through June 30, 2021, and thereafter means the
32 Washington opportunity pathways account, the education legacy trust
33 account, the pension stabilization account, the dedicated marijuana
34 account, and the basic health account.

35 (d) "Other funds subject to the four-year balanced budget
36 requirement" means the workforce education investment account and the
37 model toxics control operating account, separately and respectively.

38 (3) Subsection (1)(a) and (b) of this section does not apply to
39 an appropriations bill that makes net reductions in general fund and

1 related funds appropriations and is enacted between July 1st and
2 February 15th of any fiscal year.

3 (4) Subsection (1)(b) of this section does not apply in a fiscal
4 biennium in which money is appropriated from the budget stabilization
5 account under Article VII, section 12(d) (i) or (ii) of the state
6 Constitution.

7 **Sec. 2.** RCW 82.33.060 and 2012 1st sp.s. c 8 s 4 are each
8 amended to read as follows:

9 (1) To facilitate compliance with, and subject to the terms of,
10 RCW 43.88.055, the state budget outlook work group shall prepare,
11 subject to the approval of the economic and revenue forecast council
12 under RCW 82.33.010, an official state budget outlook (~~for state~~
13 ~~revenues and expenditures for the general fund and related funds~~).
14 In odd-numbered years, the period covered by the November state
15 budget outlook shall be the current fiscal biennium and the next
16 ensuing fiscal biennium. In even-numbered years, the period covered
17 by the November state budget outlook shall be the next two ensuing
18 fiscal biennia. The revenue and caseload projections used in the
19 outlook must reflect the most recent official forecasts adopted by
20 the economic and revenue forecast council and the caseload forecast
21 council for the years for which those forecasts are available. The
22 outlook must contain the following: (a) An outlook for state revenues
23 and expenditures in the general fund and related funds as defined in
24 RCW 43.88.055; (b) separate outlooks for other funds subject to the
25 four-year balanced budget requirement as defined in RCW 43.88.055;
26 and (c) an illustrative summary outlook that totals projected
27 expenditures and available fiscal resources for all of these funds.

28 (2) The outlook must:

29 (a) Estimate revenues to and expenditures from the (~~state~~
30 ~~general fund and related~~) respective funds or groups of funds as
31 designated in RCW 43.88.055 and subsection (1) of this section. The
32 estimate of ensuing biennium expenditures must include maintenance
33 items including, but not limited to, continuation of current
34 programs, forecasted growth of current entitlement programs, and
35 actions required by law, including legislation with a future
36 implementation date. Estimates of ensuing biennium expenditures must
37 exclude policy items including, but not limited to, legislation not
38 yet enacted by the legislature, collective bargaining agreements not
39 yet approved by the legislature, and changes to levels of funding for

1 employee salaries and benefits unless those changes are required by
2 statute. Estimated maintenance level expenditures must also exclude
3 costs of court rulings issued during or within fewer than ninety days
4 before the beginning of the current legislative session;

5 (b) Address major budget and revenue drivers, including trends
6 and variability in these drivers;

7 (c) Clearly state the assumptions used in the estimates of
8 baseline and projected expenditures and any adjustments made to those
9 estimates;

10 (d) Clearly state the assumptions used in the baseline revenue
11 estimates and any adjustments to those estimates; and

12 (e) Include the impact of previously enacted legislation with a
13 future implementation date.

14 (3) The outlook must also separately include projections based on
15 the revenues and expenditures proposed in the governor's budget
16 documents submitted to the legislature under RCW 43.88.030.

17 (4) The economic and revenue forecast council shall submit state
18 budget outlooks prepared under this section to the governor and the
19 members of the committees on ways and means of the senate and house
20 of representatives, including one copy to the staff of each of the
21 committees, as required by this section.

22 (5) Each January, the state budget outlook work group shall also
23 prepare, subject to the approval of the economic and revenue forecast
24 council, a state budget outlook for state revenues and expenditures
25 that reflects the governor's proposed budget document submitted to
26 the legislature under chapter 43.88 RCW. Within thirty days following
27 enactment of an operating budget by the legislature, the work group
28 shall prepare, subject to the approval of the economic and revenue
29 forecast council, a state budget outlook for state revenues and
30 expenditures that reflects the enacted budget.

31 (6) All agencies of state government shall provide to the
32 supervisor immediate access to all information relating to state
33 budget outlooks.

34 (7) The state budget outlook work group must publish its proposed
35 methodology on the economic and revenue forecast council web site.
36 The state budget outlook work group, in consultation with the
37 economic and revenue forecast work group and outside experts if
38 necessary, must analyze the extent to which the proposed methodology
39 for projecting expenditures for the ensuing fiscal biennia may be
40 reliably used to determine the future impact of appropriations and

1 make recommendations to change the outlook process to increase
2 reliability and accuracy. The recommendations are due by December 1,
3 2013, and every five years thereafter.

4 **Sec. 3.** RCW 82.33.020 and 2015 c 3 s 14, 2012 1st sp.s. c 8 s 3,
5 and 2012 c 182 s 1 are each reenacted and amended to read as follows:

6 (1) Four times each year the supervisor must prepare, subject to
7 the approval of the economic and revenue forecast council under RCW
8 82.33.010:

9 (a) An official state economic and revenue forecast for all funds
10 subject to the outlook process in RCW 82.33.060;

11 (b) An unofficial state economic and revenue forecast based on
12 optimistic economic and revenue projections; and

13 (c) An unofficial state economic and revenue forecast based on
14 pessimistic economic and revenue projections.

15 (2) The supervisor must submit forecasts prepared under this
16 section, along with any unofficial forecasts provided under RCW
17 82.33.010, to the governor and the members of the committees on ways
18 and means and the chairs of the committees on transportation of the
19 senate and house of representatives, including one copy to the staff
20 of each of the committees, on or before November 20th, February 20th
21 in the even-numbered years, March 20th in the odd-numbered years,
22 June 27th, and September 27th. In fiscal year 2015, the March 20th
23 forecast shall be submitted on or before February 20, 2015. All
24 forecasts must include both estimated receipts and estimated revenues
25 in conformance with generally accepted accounting principles as
26 provided by RCW 43.88.037. In odd-numbered years, the period covered
27 by forecasts for the state general fund and (~~related~~) funds subject
28 to the outlook process in RCW 82.33.060 must cover the current fiscal
29 biennium and the next ensuing fiscal biennium. In even-numbered
30 years, the period covered by the forecasts for the state general fund
31 and (~~related~~) funds subject to the outlook process in RCW 82.33.060
32 shall be current fiscal and the next two ensuing fiscal biennia.

33 (3) All agencies of state government must provide to the
34 supervisor immediate access to all information relating to economic
35 and revenue forecasts. Revenue collection information must be
36 available to the supervisor the first business day following the
37 conclusion of each collection period.

38 (4) The economic and revenue forecast supervisor and staff must
39 collocate and share information, data, and files with the tax research

1 section of the department of revenue but may not duplicate the duties
2 and functions of one another.

3 (5) As part of its forecasts under subsection (1) of this
4 section, the supervisor must provide estimated revenue from tuition
5 fees as defined in RCW 28B.15.020.

6 (6) The economic and revenue forecast council must, in
7 consultation with the economic and revenue forecast work group
8 created in RCW 82.33.040, review the existing economic and revenue
9 forecast council revenue model, data, and methodologies and in light
10 of recent economic changes, engage outside experts if necessary, and
11 recommend changes to the economic and revenue forecast council
12 revenue forecasting process to increase confidence and promote
13 accuracy in the revenue forecast. The review must consider revenue
14 growth history by the funds subject to the outlook process in RCW
15 82.33.060, adjusting for changes due to legislation, and it must make
16 recommendations on the accuracy of revenue growth rate assumptions in
17 RCW 43.88.055(2)(a). The recommendations are due by September 30,
18 2012, and every five years thereafter.

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