
SENATE BILL 5609

State of Washington

66th Legislature

2019 Regular Session

By Senators Ericksen, Padden, Fortunato, Short, Brown, and Becker

1 AN ACT Relating to establishing a responsible state spending
2 limit to protect essential programs and taxpayers from unsustainable
3 state budgets; amending RCW 43.135.025, 43.135.034, and 84.55.010;
4 adding new sections to chapter 43.135 RCW; and providing an effective
5 date.

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

7 **Sec. 1.** RCW 43.135.025 and 2015 3rd sp.s. c 29 s 3 are each
8 amended to read as follows:

9 (1) Beginning July 1, (~~2021~~) 2020, the state shall not expend
10 from the general fund and related funds during any fiscal year state
11 moneys in excess of the state expenditure limit established under
12 this chapter.

13 (2) Except pursuant to an appropriation under RCW 43.135.045(2),
14 the state treasurer shall not issue or redeem any check, warrant, or
15 voucher that will result in a state general fund or related funds
16 expenditure for any fiscal year in excess of the state expenditure
17 limit established under this chapter. A violation of this subsection
18 constitutes a violation of RCW 43.88.290 and shall subject the state
19 treasurer to the penalties provided in RCW 43.88.300.

1 (3) The state expenditure limit for any fiscal year shall be the
2 previous fiscal year's state expenditure limit increased by a
3 percentage rate that equals the fiscal growth factor.

4 (4) For purposes of computing the state expenditure limit for the
5 fiscal year beginning July 1, (~~(2021)~~) 2020, the phrase "the previous
6 fiscal year's state expenditure limit" means the total state
7 expenditures from the state general fund and related funds for the
8 fiscal year beginning July 1, (~~(2020)~~) 2019, plus the fiscal growth
9 factor.

10 (5) A state expenditure limit committee is established for the
11 purpose of determining and adjusting the state expenditure limit as
12 provided in this chapter. The members of the state expenditure limit
13 committee are the director of financial management, the attorney
14 general or the attorney general's designee, and the chairs and
15 ranking minority members of the senate committee on ways and means
16 and the house of representatives committee on (~~(ways and means)~~)
17 appropriations. All actions of the state expenditure limit committee
18 taken pursuant to this chapter require an affirmative vote of at
19 least four members.

20 (6) Each November, the state expenditure limit committee shall
21 adjust the expenditure limit for the preceding fiscal year based on
22 actual expenditures and known changes in the fiscal growth factor and
23 then project an expenditure limit for the next two fiscal years. If,
24 by November 30th, the state expenditure limit committee has not
25 adopted the expenditure limit adjustment and projected expenditure
26 limit as provided in subsection (5) of this section, the attorney
27 general or his or her designee shall adjust or project the
28 expenditure limit, as necessary.

29 (7) "Fiscal growth factor" means the average (~~(growth in state~~
30 ~~personal income for)~~) of the sum of inflation and population change
31 for each of the prior (~~(ten)~~) three fiscal years.

32 (8) "General fund" means the state general fund.

33 (9) "Inflation" means the percentage change in the implicit price
34 deflator for the United States for each fiscal year as published by
35 the federal bureau of labor statistics.

36 (10) "Related funds" means the Washington opportunity pathways
37 account and the education legacy trust account.

38 **Sec. 2.** RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each
39 amended to read as follows:

1 (1) (a) Any action or combination of actions by the legislature
2 that raises taxes may be taken only if approved by a two-thirds vote
3 in both the house of representatives and the senate. Pursuant to the
4 referendum power set forth in Article II, section 1(b) of the state
5 Constitution, tax increases may be referred to the voters for their
6 approval or rejection at an election.

7 (b) For the purposes of this chapter, "raises taxes" means any
8 action or combination of actions by the state legislature that
9 increases state tax revenue deposited in any fund, budget, or
10 account, regardless of whether the revenues are deposited into the
11 general fund.

12 (2) (a) If the legislative action under subsection (1) of this
13 section will result in expenditures in excess of the state
14 expenditure limit, then the action of the legislature may not take
15 effect until approved by a vote of the people at a November general
16 election. The state expenditure limit committee must adjust the state
17 expenditure limit by the amount of additional revenue approved by the
18 voters under this section. This adjustment may not exceed the amount
19 of revenue generated by the legislative action during the first full
20 fiscal year in which it is in effect. The state expenditure limit
21 must be adjusted downward upon expiration or repeal of the
22 legislative action.

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

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

28 (3) (a) The state expenditure limit may be exceeded upon
29 declaration of an emergency for a period not to exceed twenty-four
30 months by a law approved by a two-thirds vote of each house of the
31 legislature and signed by the governor. The law must set forth the
32 nature of the emergency, which is limited to natural disasters that
33 require immediate government action to alleviate human suffering and
34 provide humanitarian assistance. The state expenditure limit may be
35 exceeded for no more than twenty-four months following the
36 declaration of the emergency and only for the purposes contained in
37 the emergency declaration.

38 (b) Additional taxes required for an emergency under this section
39 may be imposed only until thirty days following the next general

1 election, unless an extension is approved at that general election.
2 The additional taxes expire upon expiration of the declaration of
3 emergency. The legislature may not impose additional taxes for
4 emergency purposes under this subsection unless funds in the
5 education construction fund have been exhausted.

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

9 (4) If the cost of any state program or function is shifted from
10 the state general fund or related funds to another source of funding,
11 or if moneys are transferred from the state general fund or related
12 funds to another fund or account, the state expenditure limit
13 committee, acting pursuant to RCW 43.135.025(5), must lower the state
14 expenditure limit to reflect the shift. For the purposes of this
15 section, a transfer of money from the state general fund or related
16 funds to another fund or account includes any state legislative
17 action taken that has the effect of reducing revenues from a
18 particular source, where such revenues would otherwise be deposited
19 into the state general fund or related funds, while increasing the
20 revenues from that particular source to another state or local
21 government account. This subsection does not apply to: (a) The
22 dedication or use of lottery revenues under RCW 67.70.240(1)(c), in
23 support of education or education expenditures; (b) a transfer of
24 moneys to, or an expenditure from, the budget stabilization account;
25 (~~(c)~~) (c) a transfer of money to, or an expenditure from, the
26 connecting Washington account established in RCW 46.68.395; or (d) a
27 transfer of moneys to, or an expenditure from, the state expenditure
28 limit overflow account.

29 (5) If the cost of any state program or function and the ongoing
30 revenue necessary to fund the program or function are shifted to the
31 state general fund or related funds on or after January 1, 2007, the
32 state expenditure limit committee, acting pursuant to RCW
33 43.135.025(5), must increase the state expenditure limit to reflect
34 the shift unless the shifted revenue had previously been shifted from
35 the general fund or related funds.

36 NEW SECTION. Sec. 3. A new section is added to chapter 43.135
37 RCW to read as follows:

38 (1) During each fiscal year, the state treasurer shall calculate
39 the amount of estimated revenues deposited in the general fund and

1 related funds in excess of the state expenditure limit for that
2 fiscal year.

3 (2) The legislature may transfer an amount, not to exceed the
4 amount calculated in subsection (1) of this section, into the state
5 expenditure limit overflow account for the purpose of funding one-
6 time construction projects.

7 (3) By December 31st of each year, the department of revenue must
8 reduce the property tax rate imposed by RCW 84.52.065(2)(a) for
9 property tax collections for the next succeeding calendar year by the
10 amount calculated in subsection (1) of this section less any amounts
11 transferred pursuant to subsection (2) of this section.

12 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.135
13 RCW to read as follows:

14 The state expenditure limit overflow account is created in the
15 state treasury. Revenues in the account consist of moneys transferred
16 to the account pursuant to section 3 of this act. Moneys in the
17 account may be spent only after appropriation. Expenditures from the
18 account may be used for the construction of capital or highway
19 projects.

20 **Sec. 5.** RCW 84.55.010 and 2017 3rd sp.s. c 13 s 302 are each
21 amended to read as follows:

22 (1) Except as provided in this chapter, the levy for a taxing
23 district in any year must be set so that the regular property taxes
24 payable in the following year do not exceed the limit factor
25 multiplied by the amount of regular property taxes lawfully levied
26 for such district in the highest of the three most recent years in
27 which such taxes were levied for such district plus an additional
28 dollar amount calculated by multiplying the regular property tax levy
29 rate of that district for the preceding year by the increase in
30 assessed value in that district resulting from:

31 (a) New construction;

32 (b) Increases in assessed value due to construction of wind
33 turbine, solar, biomass, and geothermal facilities, if such
34 facilities generate electricity and the property is not included
35 elsewhere under this section for purposes of providing an additional
36 dollar amount. The property may be classified as real or personal
37 property;

38 (c) Improvements to property; and

1 (d) Any increase in the assessed value of state-assessed
2 property.

3 (2) The requirements of this section do not apply to:

4 (a) State property taxes levied under RCW 84.52.065(1) for
5 collection in calendar years 2019 through 2021; and

6 (b) State property taxes levied under RCW 84.52.065(2) for
7 collection in calendar years 2018 through 2021.

8 (3) For the purposes of determining the levy limit under this
9 section for a state property tax levy, the highest amount of regular
10 property taxes levied in the three most recent years must be
11 determined as if no reduction is made pursuant to section 3 of this
12 act.

13 NEW SECTION. **Sec. 6.** Sections 3 and 5 of this act take effect
14 July 1, 2020.

--- END ---