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HOUSE BILL 1999

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State of Washington

67th Legislature

2022 Regular Session

By Representatives Walsh, Caldier, Sutherland, Jacobsen, Chambers,  
Dufault, and Young

Read first time 01/14/22. Referred to Committee on Appropriations.

1 AN ACT Relating to reestablishing a state expenditure limit;  
2 amending RCW 43.135.025; and adding a new section to chapter 43.135  
3 RCW.

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

5 **Sec. 1.** RCW 43.135.025 and 2020 c 218 s 3 are each amended to  
6 read as follows:

7 (1) ~~((Each November, the economic and revenue forecast council~~  
8 ~~shall calculate the fiscal growth factor for each fiscal year of the~~  
9 ~~current biennium and the ensuing biennium.~~

10 (2)) During any fiscal year, the state shall not expend from the  
11 general fund and related funds in excess of the state expenditure  
12 limit established under this chapter.

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

19 (3) The state expenditure limit for any fiscal year is the  
20 previous fiscal year's state expenditure limit increased by a  
21 percentage rate that equals the fiscal growth factor.

1       (4) For purposes of computing the state expenditure limit for the  
2 fiscal year beginning July 1, 2023, the phrase "the previous fiscal  
3 year's state expenditure limit" means the total state expenditures  
4 from the state general fund and related funds, not including federal  
5 funds, for the fiscal year beginning July 1, 2021, plus the fiscal  
6 growth factor.

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

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

26       (7) The definitions in this subsection apply throughout this  
27 chapter unless the context clearly requires otherwise.

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

32       (b) (~~"General fund" means the state general fund.~~) "Inflation"  
33 means the percentage change in the implicit price deflator for the  
34 United States for each fiscal year as published by the federal bureau  
35 of labor statistics.

36       (c) "Population change" means the percentage change in state  
37 population for each fiscal year as reported by the office of  
38 financial management.

1        (d) "Related funds" means the Washington opportunity pathways  
2 account, the workforce education investment account, the fair start  
3 for kids account, and the education legacy trust account.

4        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 43.135  
5 RCW to read as follows:

6        If the cost of any state program or function is shifted from the  
7 state general fund or related funds on or after January 1, 2021, to  
8 another source of funding, or if moneys are transferred from the  
9 state general fund or related funds to another fund or account, the  
10 state expenditure limit committee, acting pursuant to RCW 43.135.025,  
11 shall lower the state expenditure limit to reflect the shift. For the  
12 purposes of this section, a transfer of money from the state general  
13 fund or related funds to another fund or account includes any state  
14 legislative action taken after July 1, 2021, that has the effect of  
15 reducing revenues from a particular source, where such revenues would  
16 otherwise be deposited into the state general fund or related funds,  
17 while increasing the revenues from that particular source to another  
18 state or local government account.

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