

FINAL BILL REPORT

ESSB 5311

C 484 L 07
Synopsis as Enacted

Brief Description: Creating the budget stabilization account.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Prentice, Marr, Tom, McAuliffe and Kilmer; by request of Governor Gregoire).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Initiative 601, adopted by the voters in 1993, established by statute a state General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all state General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

"General state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. Thus, general state revenues consist of all revenues to the state General Fund, with the exception of property tax revenues, which are dedicated to the common school system.

Summary: Legislation is adopted to implement 2007 Senate Joint Resolution 8206, amending the state Constitution to establish a Budget Stabilization Account.

The Budget Stabilization Account is established, subject to appropriation. Each fiscal year, 1 percent of general state revenues are deposited to the Budget Stabilization Account.

The Budget Stabilization Account is managed and invested by the State Investment Board. Net investment earnings are retained by the account.

Employment forecasts and revenue estimates for the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

Transfers to, and expenditures from, the Budget Stabilization Account do not affect the state expenditure limit.

The Emergency Reserve Fund is abolished.

Votes on Final Passage:

Senate	48	0
House	75	22

Effective: May 15, 2007
Contingent (Sections 2-8)