

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 6636**

62nd Legislature  
2012 1st Special Session

Passed by the Senate April 10, 2012  
YEAS 38 NAYS 9

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**President of the Senate**

Passed by the House April 10, 2012  
YEAS 79 NAYS 19

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**Speaker of the House of Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6636** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 6636**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2012 1st Special Session

**State of Washington                      62nd Legislature                      2012 1st Special Session**

**By** Senate Ways & Means (originally sponsored by Senators Kastama, Zarelli, and Tom)

READ FIRST TIME 04/06/12.

1            AN ACT Relating to requiring a balanced state budget for the  
2 current and ensuing fiscal biennium; amending RCW 82.33.010 and  
3 82.33.020; adding a new section to chapter 43.88 RCW; and adding new  
4 sections to chapter 82.33 RCW.

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

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.88 RCW  
7 to read as follows:

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

10            (a) Beginning in the 2013-2015 fiscal biennium, the legislature  
11 shall enact a balanced omnibus operating appropriations bill that  
12 leaves, in total, a positive ending fund balance in the general fund  
13 and related funds.

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

18            (2) For purposes of this section:

1 (a) "Available fiscal resources" means the beginning general fund  
2 and related fund balances and any fiscal resources estimated for the  
3 general fund and related funds, adjusted for enacted legislation, and  
4 with forecasted revenues adjusted to the greater of (i) the official  
5 general fund and related funds revenue forecast for the ensuing  
6 biennium, or (ii) the official general fund and related funds forecast  
7 for the second fiscal year of the current fiscal biennium, increased by  
8 4.5 percent for each fiscal year of the ensuing biennium;

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

23 (c) "Related funds," as used in this section, means the Washington  
24 opportunity pathways account and the education legacy trust account.

25 (3) Subsection (1)(a) and (b) of this section does not apply to an  
26 appropriations bill that makes net reductions in general fund and  
27 related funds appropriations and is enacted between July 1st and  
28 February 15th of any fiscal year.

29 (4) Subsection (1)(b) of this section does not apply in a fiscal  
30 biennium in which money is appropriated from the budget stabilization  
31 account.

32 **Sec. 2.** RCW 82.33.010 and 1990 c 229 s 1 are each amended to read  
33 as follows:

34 (1) The economic and revenue forecast council is hereby created.  
35 The council shall consist of two individuals appointed by the governor,  
36 the state treasurer, and four individuals, one of whom is appointed by  
37 the chairperson of each of the two largest political caucuses in the

1 senate and house of representatives. The chair of the council shall be  
2 selected from among the four caucus appointees. The council may select  
3 such other officers as the members deem necessary.

4 (2) The council shall employ an economic and revenue forecast  
5 supervisor to supervise the preparation of all economic and revenue  
6 forecasts and the presentation of state budget outlooks. As used in  
7 this chapter, "supervisor" means the economic and revenue forecast  
8 supervisor. Approval by an affirmative vote of at least five members  
9 of the council is required for any decisions regarding employment of  
10 the supervisor. Employment of the supervisor shall terminate after  
11 each term of three years. At the end of the first year of each three-  
12 year term the council shall consider extension of the supervisor's term  
13 by one year. The council may fix the compensation of the supervisor.  
14 The supervisor shall employ staff sufficient to accomplish the purposes  
15 of this section.

16 (3) The economic and revenue forecast council shall oversee the  
17 preparation of and approve, by an affirmative vote of at least (~~four~~)  
18 five members, the official, optimistic, and pessimistic state economic  
19 and revenue forecasts prepared under RCW 82.33.020. If the council is  
20 unable to approve a forecast before a date required in RCW 82.33.020,  
21 the supervisor shall submit the forecast without approval and the  
22 forecast shall have the same effect as if approved by the council.

23 (4) The economic and revenue forecast council shall oversee the  
24 preparation of and approve, by an affirmative vote of at least five  
25 members, the state budget outlook prepared under section 4 of this act.  
26 If the council is unable to approve a state budget outlook before a  
27 date required in section 4 of this act, the supervisor shall submit the  
28 outlook prepared under section 4 of this act without approval and the  
29 outlook shall have the same effect as if approved by the council.

30 (5) A councilmember who does not cast an affirmative vote for  
31 approval of the official economic and revenue forecast or the state  
32 budget outlook may request, and the supervisor shall provide, an  
33 alternative economic and revenue forecast or state budget outlook based  
34 on assumptions specified by the member including, for purposes of the  
35 state budget outlook, revenues to and expenditures from additional  
36 funds.

37 (~~(+5)~~) (6) Members of the economic and revenue forecast council  
38 shall serve without additional compensation but shall be reimbursed for

1 travel expenses in accordance with RCW 44.04.120 while attending  
2 sessions of the council or on official business authorized by the  
3 council. Nonlegislative members of the council shall be reimbursed for  
4 travel expenses in accordance with RCW 43.03.050 and 43.03.060.

5 **Sec. 3.** RCW 82.33.020 and 2005 c 319 s 137 are each amended to  
6 read as follows:

7 (1) Four times each year the supervisor shall prepare, subject to  
8 the approval of the economic and revenue forecast council under RCW  
9 82.33.010:

10 (a) An official state economic and revenue forecast;

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 shall 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 of  
20 each of the committees, on or before November 20th, February 20th in  
21 the even-numbered years, March 20th in the odd-numbered years, June  
22 20th, and September 20th. All forecasts shall include both estimated  
23 receipts and estimated revenues in conformance with generally accepted  
24 accounting principles as provided by RCW 43.88.037. In odd-numbered  
25 years, the period covered by forecasts for the state general fund and  
26 related funds must cover the current fiscal biennium and the next  
27 ensuing fiscal biennium. In even-numbered years, the period covered by  
28 the forecasts for the state general fund and related funds shall be  
29 current fiscal and the next two ensuing fiscal biennia.

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

35 (4) The economic and revenue forecast supervisor and staff shall  
36 co-locate and share information, data, and files with the tax research

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

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

6 (6) The economic and revenue forecast council must, in consultation  
7 with the economic and revenue forecast work group created in RCW  
8 82.33.040, review the existing economic and revenue forecast council  
9 revenue model, data, and methodologies and in light of recent economic  
10 changes, engage outside experts if necessary, and recommend changes to  
11 the economic and revenue forecast council revenue forecasting process  
12 to increase confidence and promote accuracy in the revenue forecast.  
13 The recommendations are due by September 30, 2012, and every five years  
14 thereafter.

15 NEW SECTION. Sec. 4. A new section is added to chapter 82.33 RCW  
16 to read as follows:

17 (1) To facilitate compliance with, and subject to the terms of,  
18 section 1 of this act, the state budget outlook work group shall  
19 prepare, subject to the approval of the economic and revenue forecast  
20 council under RCW 82.33.010, an official state budget outlook for state  
21 revenues and expenditures for the general fund and related funds. In  
22 odd-numbered years, the period covered by the November state budget  
23 outlook shall be the current fiscal biennium and the next ensuing  
24 fiscal biennium. In even-numbered years, the period covered by the  
25 November state budget outlook shall be the next two ensuing fiscal  
26 biennia. The revenue and caseload projections used in the outlook must  
27 reflect the most recent official forecasts adopted by the economic and  
28 revenue forecast council and the caseload forecast council for the  
29 years for which those forecasts are available.

30 (2) The outlook must:

31 (a) Estimate revenues to and expenditures from the state general  
32 fund and related funds. The estimate of ensuing biennium expenditures  
33 must include maintenance items including, but not limited to,  
34 continuation of current programs, forecasted growth of current  
35 entitlement programs, and actions required by law, including  
36 legislation with a future implementation date. Estimates of ensuing  
37 biennium expenditures must exclude policy items including, but not

1 limited to, legislation not yet enacted by the legislature, collective  
2 bargaining agreements not yet approved by the legislature, and changes  
3 to levels of funding for employee salaries and benefits unless those  
4 changes are required by statute. Estimated maintenance level  
5 expenditures must also exclude costs of court rulings issued during or  
6 within fewer than ninety days before the beginning of the current  
7 legislative session;

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

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

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

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

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

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

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

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

36 (7) The state budget outlook work group must publish its proposed  
37 methodology on the economic and revenue forecast council web site. The  
38 state budget outlook work group, in consultation with the economic and

1 revenue forecast work group and outside experts if necessary, must  
2 analyze the extent to which the proposed methodology for projecting  
3 expenditures for the ensuing fiscal biennia may be reliably used to  
4 determine the future impact of appropriations and make recommendations  
5 to change the outlook process to increase reliability and accuracy.  
6 The recommendations are due by December 1, 2013, and every five years  
7 thereafter.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.33 RCW  
9 to read as follows:

10 (1) To promote the free flow of information and to promote  
11 legislative input in the preparation of the state budget outlook,  
12 immediate access to all information relating to the state budget  
13 outlook shall be available to the state budget outlook work group,  
14 hereby created. The state budget outlook work group shall consist of  
15 one staff member selected by the executive head or chairperson of each  
16 of the following agencies or committees:

- 17 (a) Office of financial management;
- 18 (b) Legislative evaluation and accountability program committee;
- 19 (c) Office of the state treasurer;
- 20 (d) Economic and revenue forecast council;
- 21 (e) Caseload forecast council;
- 22 (f) Ways and means committee of the senate; and
- 23 (g) Ways and means committee of the house of representatives.

24 (2) The state budget outlook work group shall provide technical  
25 support to the economic and revenue forecast council. Meetings of the  
26 state budget outlook work group may be called by any member of the  
27 group for the purpose of assisting the economic and revenue forecast  
28 council, reviewing the state budget outlook, or for any other purpose  
29 which may assist the economic and revenue forecast council.

30 NEW SECTION. **Sec. 6.** If any provision of this act or its  
31 application to any person or circumstance is held invalid, the  
32 remainder of the act or the application of the provision to other  
33 persons or circumstances is not affected.

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