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HOUSE JOINT RESOLUTION 4203

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**State of Washington**                      **63rd Legislature**                      **2013 Regular Session**

**By** Representatives Shea, Overstreet, Taylor, Holy, Kristiansen, MacEwen, Condotta, Crouse, Scott, Buys, Rodne, and Parker

Read first time 01/16/13. Referred to Committee on Appropriations.

1            BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

3            THAT, At the next general election to be held in this state the  
4 secretary of state must submit to the qualified voters of the state for  
5 their approval and ratification, or rejection, an amendment to Article  
6 VII of the Constitution of the state of Washington by adding a new  
7 section to Article VII, an amendment to Article VII of the Constitution  
8 of the state of Washington by repealing section 8 thereof in its  
9 entirety, and an amendment to Article VIII, section 1 of the  
10 Constitution of the state of Washington to read as follows:

11            Article VII, section . . . . (1)(a) Before the beginning of the  
12 regular legislative session in each odd-numbered year, the governor  
13 shall prepare and submit to the senate and house of representatives an  
14 omnibus operating appropriations proposal for the ensuing fiscal  
15 biennium. This proposal may not propose expenditures from the state  
16 general fund for a fiscal period that exceed ninety-five percent of the  
17 estimated resources for the state general fund for that fiscal period  
18 as of the date the governor submits the proposal to the legislature,

1 and may not propose expenditures from any other account that exceed the  
2 estimated amount of resources for that account for that fiscal period  
3 as of the date the governor submits the proposal to the legislature.

4 (b) Nothing in this section prohibits the governor from submitting  
5 to the legislature alternative omnibus operating appropriations  
6 proposals that rely on changes to existing revenue laws.

7 (2)(a) The legislature may not appropriate from the state general  
8 fund for any fiscal period an amount that exceeds ninety-five percent  
9 of the estimated amount of resources for the state general fund for  
10 that fiscal period as of the date the appropriations legislation is  
11 enacted. The requirements of this subsection (2)(a) do not apply if  
12 the appropriations are enacted pursuant to a declaration of emergency  
13 as established in Article VII, section 12(d)(i) of this Constitution.  
14 In that case, the appropriations are subject to (b) of this subsection.

15 (b) For any other account, the legislature may not appropriate from  
16 the account for any fiscal period an amount that exceeds the estimated  
17 amount of resources to that account for that fiscal period as of the  
18 date the appropriations legislation is enacted.

19 (3)(a) If appropriations from any account for any fiscal period  
20 exceed the most recent estimate of resources for that account for that  
21 fiscal period, then within thirty days of the revenue estimate  
22 projecting the deficiency the governor shall uniformly reduce each  
23 allotment from each appropriation from that account in order to avoid  
24 a deficiency.

25 (b) The state may not carry forward a deficiency in any account  
26 from one fiscal period to another.

27 (4)(a) For purposes of this section, "estimated resources" for an  
28 account means the total of the officially estimated revenues to the  
29 account for that fiscal period, account balance at the beginning of the  
30 fiscal period, and any transfers, other deposits, or other revenues  
31 into that account for that fiscal period.

32 (b) Official revenue estimates shall be made by the state economic  
33 and revenue forecast council or successor agency and by the office of  
34 financial management for those accounts not estimated by the council,  
35 as provided in law.

36 (c) The legislature shall enact laws to carry out the purposes of  
37 this section.

1 Article VIII, section 1. (a) The state may contract debt, the  
2 principal of which shall be paid and discharged within thirty years  
3 from the time of contracting thereof, in the manner set forth herein.

4 (b) The aggregate debt contracted by the state, as calculated by  
5 the treasurer at the time debt is contracted, shall not exceed that  
6 amount for which payments of principal and interest in any fiscal year  
7 would require the state to expend more than the applicable percentage  
8 limit of the arithmetic mean of its general state revenues for the six  
9 immediately preceding fiscal years as certified by the treasurer. The  
10 term "applicable percentage limit" means eight and one-half percent  
11 from July 1, 2014, through June 30, 2016; eight and one-quarter percent  
12 from July 1, 2016, through June 30, 2034; eight percent from July 1,  
13 2034, and thereafter. The term "fiscal year" means that period of time  
14 commencing July 1 of any year and ending on June 30 of the following  
15 year.

16 (c) The term "general state revenues," when used in this section,  
17 shall include all state money received in the treasury from each and  
18 every source, including moneys received from ad valorem taxes levied by  
19 the state and deposited in the general fund in each fiscal year, but  
20 not including: (1) Fees and other revenues derived from the ownership  
21 or operation of any undertaking, facility, or project; (2) Moneys  
22 received as gifts, grants, donations, aid, or assistance or otherwise  
23 from the United States or any department, bureau, or corporation  
24 thereof, or any person, firm, or corporation, public or private, when  
25 the terms and conditions of such gift, grant, donation, aid, or  
26 assistance require the application and disbursement of such moneys  
27 otherwise than for the general purposes of the state of Washington; (3)  
28 Moneys to be paid into and received from retirement system funds, and  
29 performance bonds and deposits; (4) Moneys to be paid into and received  
30 from trust funds and the several permanent and irreducible funds of the  
31 state and the moneys derived therefrom but excluding bond redemption  
32 funds; (5) Moneys received from taxes levied for specific purposes and  
33 required to be deposited for those purposes into specified funds or  
34 accounts other than the general fund; and (6) Proceeds received from  
35 the sale of bonds or other evidences of indebtedness.

36 (d) In computing the amount required for payment of principal and  
37 interest on outstanding debt under this section, debt shall be  
38 construed to mean borrowed money represented by bonds, notes, or other

1 evidences of indebtedness which are secured by the full faith and  
2 credit of the state or are required to be repaid, directly or  
3 indirectly, from general state revenues and which are incurred by the  
4 state, any department, authority, public corporation, or quasi public  
5 corporation of the state, any state university or college, or any other  
6 public agency created by the state but not by counties, cities, towns,  
7 school districts, or other municipal corporations, but shall not  
8 include obligations for the payment of current expenses of state  
9 government, nor shall it include debt hereafter incurred pursuant to  
10 section 3 of this article, obligations guaranteed as provided for in  
11 subsection (g) of this section, principal of bond anticipation notes or  
12 obligations issued to fund or refund the indebtedness of the Washington  
13 state building authority. In addition, for the purpose of computing  
14 the amount required for payment of interest on outstanding debt under  
15 subsection (b) of this section and this subsection, "interest" shall be  
16 reduced by subtracting the amount scheduled to be received by the state  
17 as payments from the federal government in each year in respect of  
18 bonds, notes, or other evidences of indebtedness subject to this  
19 section.

20 (e) The state may pledge the full faith, credit, and taxing power  
21 of the state to guarantee the voter approved general obligation debt of  
22 school districts in the manner authorized by the legislature. Any such  
23 guarantee does not remove the debt obligation of the school district  
24 and is not state debt.

25 (f) The state may, without limitation, fund or refund, at or prior  
26 to maturity, the whole or any part of any existing debt or of any debt  
27 hereafter contracted pursuant to section 1, section 2, or section 3 of  
28 this article, including any premium payable with respect thereto and  
29 interest thereon, or fund or refund, at or prior to maturity, the whole  
30 or any part of any indebtedness incurred or authorized prior to the  
31 effective date of this amendment by any entity of the type described in  
32 subsection (h) of this section, including any premium payable with  
33 respect thereto and any interest thereon. Such funding or refunding  
34 shall not be deemed to be contracting debt by the state.

35 (g) Notwithstanding the limitation contained in subsection (b) of  
36 this section, the state may pledge its full faith, credit, and taxing  
37 power to guarantee the payment of any obligation payable from revenues  
38 received from any of the following sources: (1) Fees collected by the

1 state as license fees for motor vehicles; (2) Excise taxes collected by  
2 the state on the sale, distribution or use of motor vehicle fuel; and  
3 (3) Interest on the permanent common school fund: *Provided*, That the  
4 legislature shall, at all times, provide sufficient revenues from such  
5 sources to pay the principal and interest due on all obligations for  
6 which said source of revenue is pledged.

7 (h) No money shall be paid from funds in custody of the treasurer  
8 with respect to any debt contracted after the effective date of this  
9 amendment by the Washington state building authority, the capitol  
10 committee, or any similar entity existing or operating for similar  
11 purposes pursuant to which such entity undertakes to finance or provide  
12 a facility for use or occupancy by the state or any agency, department,  
13 or instrumentality thereof.

14 (i) The legislature shall prescribe all matters relating to the  
15 contracting, funding or refunding of debt pursuant to this section,  
16 including: The purposes for which debt may be contracted; by a  
17 favorable vote of three-fifths of the members elected to each house,  
18 the amount of debt which may be contracted for any class of such  
19 purposes; the kinds of notes, bonds, or other evidences of debt which  
20 may be issued by the state; and the manner by which the treasurer shall  
21 determine and advise the legislature, any appropriate agency, officer,  
22 or instrumentality of the state as to the available debt capacity  
23 within the limitation set forth in this section. The legislature may  
24 delegate to any state officer, agency, or instrumentality any of its  
25 powers relating to the contracting, funding or refunding of debt  
26 pursuant to this section except its power to determine the amount and  
27 purposes for which debt may be contracted.

28 (j) The full faith, credit, and taxing power of the state of  
29 Washington are pledged to the payment of the debt created on behalf of  
30 the state pursuant to this section and the legislature shall provide by  
31 appropriation for the payment of the interest upon and installments of  
32 principal of all such debt as the same falls due, but in any event, any  
33 court of record may compel such payment.

34 ~~(k) ((Notwithstanding the limitations contained in subsection (b)~~  
35 ~~of this section, the state may issue certificates of indebtedness in~~  
36 ~~such sum or sums as may be necessary to meet temporary deficiencies of~~  
37 ~~the treasury, to preserve the best interests of the state in the~~  
38 ~~conduct of the various state institutions, departments, bureaus, and~~

1 ~~agencies during each fiscal year; such certificates may be issued only~~  
2 ~~to provide for appropriations already made by the legislature and such~~  
3 ~~certificates must be retired and the debt discharged other than by~~  
4 ~~refunding within twelve months after the date of incurrence.)) Proceeds~~  
5 ~~of debt issued pursuant to this section may be spent only for capital~~  
6 ~~purposes. "Capital purposes" means real property or real property~~  
7 ~~improvements with a projected useful life of greater than thirteen~~  
8 ~~years.~~

9 (1) Bonds, notes, or other obligations issued and sold by the state  
10 of Washington pursuant to and in conformity with this article shall not  
11 be invalid for any irregularity or defect in the proceedings of the  
12 issuance or sale thereof and shall be incontestable in the hands of a  
13 bona fide purchaser or holder thereof.

14 BE IT FURTHER RESOLVED, That this amendment is a single amendment  
15 within the meaning of Article XXIII, section 1 of the state  
16 Constitution.

17 The legislature finds that the changes contained in this amendment  
18 constitute a single integrated plan for restricting state fiscal  
19 obligations. If this amendment is held to be separate amendments, this  
20 joint resolution is void in its entirety and is of no further force and  
21 effect.

22 BE IT FURTHER RESOLVED, That the secretary of state must cause  
23 notice of this constitutional amendment to be published at least four  
24 times during the four weeks next preceding the election in every legal  
25 newspaper in the state.

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