
SUBSTITUTE HOUSE BILL 2244

State of Washington 63rd Legislature 2014 Regular Session

By House Appropriations (originally sponsored by Representatives Stanford, DeBolt, Dunshee, MacEwen, Appleton, Morrell, Blake, Pollet, and Ormsby)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to restoring resources to the capital budget
2 beginning with the 2015-2017 biennium; amending RCW 82.45.060,
3 82.16.020, 82.18.040, 43.135.045, 43.88.055, and 82.33.060; and
4 declaring an emergency.

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

6 **Sec. 1.** RCW 82.45.060 and 2013 2nd sp.s. c 9 s 6 are each amended
7 to read as follows:

8 There is imposed an excise tax upon each sale of real property at
9 the rate of one and twenty-eight one-hundredths percent of the selling
10 price. Beginning July 1, 2013, and ending June 30, (~~2019~~) 2015, an
11 amount equal to two percent of the proceeds of this tax must be
12 deposited in the public works assistance account created in RCW
13 43.155.050, and an amount equal to four and one-tenth percent must be
14 deposited in the education legacy trust account created in RCW
15 83.100.230. Thereafter, an amount equal to six and one-tenth percent
16 of the proceeds of this tax to the state treasurer must be deposited in
17 the public works assistance account created in RCW 43.155.050. Except
18 as otherwise provided in this section, an amount equal to one and six-

1 tenths percent of the proceeds of this tax to the state treasurer must
2 be deposited in the city-county assistance account created in RCW
3 43.08.290.

4 **Sec. 2.** RCW 82.16.020 and 2013 2nd sp.s. c 9 s 7 are each amended
5 to read as follows:

6 (1) There is levied and there shall be collected from every person
7 a tax for the act or privilege of engaging within this state in any one
8 or more of the businesses herein mentioned. The tax shall be equal to
9 the gross income of the business, multiplied by the rate set out after
10 the business, as follows:

11 (a) Express, sewerage collection, and telegraph businesses: Three
12 and six-tenths percent;

13 (b) Light and power business: Three and sixty-two one-hundredths
14 percent;

15 (c) Gas distribution business: Three and six-tenths percent;

16 (d) Urban transportation business: Six-tenths of one percent;

17 (e) Vessels under sixty-five feet in length, except tugboats,
18 operating upon the waters within the state: Six-tenths of one percent;

19 (f) Motor transportation, railroad, railroad car, and tugboat
20 businesses, and all public service businesses other than ones mentioned
21 above: One and eight-tenths of one percent;

22 (g) Water distribution business: Four and seven-tenths percent.

23 (2) An additional tax is imposed equal to the rate specified in RCW
24 82.02.030 multiplied by the tax payable under subsection (1) of this
25 section.

26 (3) Twenty percent of the moneys collected under subsection (1) of
27 this section on water distribution businesses and sixty percent of the
28 moneys collected under subsection (1) of this section on sewerage
29 collection businesses shall be deposited in the education legacy trust
30 account created in RCW 83.100.230 from July 1, 2013, through June 30,
31 ((2019)) 2015, and thereafter in the public works assistance account
32 created in RCW 43.155.050.

33 **Sec. 3.** RCW 82.18.040 and 2013 2nd sp.s. c 9 s 8 are each amended
34 to read as follows:

35 (1) Taxes collected under this chapter must be held in trust until
36 paid to the state. Except as otherwise provided in this subsection

1 (1), taxes received by the state must be deposited in the public works
2 assistance account created in RCW 43.155.050. For the period beginning
3 July 1, 2011, and ending June 30, 2015, taxes received by the state
4 under this chapter must be deposited in the general fund for general
5 purpose expenditures. (~~For fiscal years 2016, 2017, and 2018, one~~
6 ~~half of the taxes received by the state under this chapter must be~~
7 ~~deposited in the general fund for general purpose expenditures and the~~
8 ~~remainder deposited in the education legacy trust account created in~~
9 ~~RCW 83.100.230. For fiscal year 2019, taxes received by the state~~
10 ~~under this chapter must be deposited in the education legacy trust~~
11 ~~account created in RCW 83.100.230.)) Any person collecting the tax who
12 appropriates or converts the tax collected is guilty of a gross
13 misdemeanor if the money required to be collected is not available for
14 payment on the date payment is due. If a taxpayer fails to pay the tax
15 imposed by this chapter to the person charged with collection of the
16 tax and the person charged with collection fails to pay the tax to the
17 department, the department may, in its discretion, proceed directly
18 against the taxpayer for collection of the tax.~~

19 (2) The tax is due from the taxpayer within twenty-five days from
20 the date the taxpayer is billed by the person collecting the tax.

21 (3) The tax is due from the person collecting the tax at the end of
22 the tax period in which the tax is received from the taxpayer. If the
23 taxpayer remits only a portion of the total amount billed for taxes,
24 consideration, and related charges, the amount remitted must be applied
25 first to payment of the solid waste collection tax and this tax has
26 priority over all other claims to the amount remitted.

27 **Sec. 4.** RCW 43.135.045 and 2013 2nd sp.s. c 9 s 5 are each amended
28 to read as follows:

29 The education construction fund is hereby created in the state
30 treasury.

31 (1) Funds may be appropriated from the education construction fund
32 exclusively for common school construction of facility improvements or
33 additions that are consistent with the construction objectives of
34 chapter 3, Laws of 2001 (Initiative Measure No. 728), or for higher
35 education construction.

36 (2) Funds may be appropriated for any other purpose only if
37 approved by a two-thirds vote of each house of the legislature and if

1 approved by a vote of the people at the next general election. An
2 appropriation approved by the people under this subsection must result
3 in an adjustment to the state expenditure limit only for the fiscal
4 period for which the appropriation is made and does not affect any
5 subsequent fiscal period.

6 (3) After July 1, 2015, the state treasurer must transfer one
7 hundred two million dollars from the general fund to the education
8 construction fund by June 30th of each year.

9 **Sec. 5.** RCW 43.88.055 and 2012 1st sp.s. c 8 s 1 are each amended
10 to read as follows:

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

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

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

21 (2) For purposes of this section:

22 (a) "Available fiscal resources" means the beginning general fund
23 and related fund balances and any fiscal resources estimated for the
24 general fund and related funds, adjusted for enacted legislation, and
25 with forecasted revenues adjusted to the greater of (i) the official
26 general fund and related funds revenue forecast for the ensuing
27 biennium, or (ii) the official general fund and related funds forecast
28 for the second fiscal year of the current fiscal biennium, increased by
29 4.5 percent for each fiscal year of the ensuing biennium. For purposes
30 of appropriations enacted for the 2013-2015 fiscal biennium, "available
31 fiscal resources" for the 2015-2017 fiscal biennium includes moneys
32 deposited in the public works assistance account and the education
33 construction fund under the amendatory changes in sections 1 through 4
34 of this act;

35 (b) "Projected maintenance level" means estimated appropriations
36 necessary to maintain the continuing costs of program and service
37 levels either funded in that appropriations bill or mandated by other

1 state or federal law, and the amount of any general fund moneys
2 projected to be transferred to the budget stabilization account
3 pursuant to Article VII, section 12 of the state Constitution, but does
4 not include in the 2013-2015 and 2015-2017 fiscal biennia the costs
5 related to the enhanced funding under the new definition of basic
6 education as established in chapter 548, Laws of 2009, and affirmed by
7 the decision in *Mathew McCleary et al., v. The State of Washington*, 173
8 Wn.2d 477, 269 P.3d 227, (2012), from which the short-term exclusion of
9 these obligations is solely for the purposes of calculating this
10 estimate and does not in any way indicate an intent to avoid full
11 funding of these obligations;

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

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

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

21 **Sec. 6.** RCW 82.33.060 and 2012 1st sp.s. c 8 s 4 are each amended
22 to read as follows:

23 (1) To facilitate compliance with, and subject to the terms of, RCW
24 43.88.055, the state budget outlook work group shall prepare, subject
25 to the approval of the economic and revenue forecast council under RCW
26 82.33.010, an official state budget outlook for state revenues and
27 expenditures for the general fund and related funds. In odd-numbered
28 years, the period covered by the November state budget outlook shall be
29 the current fiscal biennium and the next ensuing fiscal biennium. In
30 even-numbered years, the period covered by the November state budget
31 outlook shall be the next two ensuing fiscal biennia. The revenue and
32 caseload projections used in the outlook must reflect the most recent
33 official forecasts adopted by the economic and revenue forecast council
34 and the caseload forecast council for the years for which those
35 forecasts are available.

36 (2) The outlook must:

1 (a) Estimate revenues to and expenditures from the state general
2 fund and related funds. The estimate of ensuing biennium expenditures
3 must include maintenance items including, but not limited to,
4 continuation of current programs, forecasted growth of current
5 entitlement programs, and actions required by law, including
6 legislation with a future implementation date. Estimates of ensuing
7 biennium expenditures must exclude policy items including, but not
8 limited to, legislation not yet enacted by the legislature, collective
9 bargaining agreements not yet approved by the legislature, and changes
10 to levels of funding for employee salaries and benefits unless those
11 changes are required by statute. Estimated maintenance level
12 expenditures must also exclude costs of court rulings issued during or
13 within fewer than ninety days before the beginning of the current
14 legislative session. For purposes of outlooks prepared for
15 appropriations enacted for the 2013-2015 fiscal biennium, estimated
16 revenues to the general fund and related funds for the 2015-2017 fiscal
17 biennium include moneys deposited in the public works assistance
18 account and the education construction fund under the amendatory
19 changes in sections 1 through 4 of this act;

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

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

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

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

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

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

36 (5) Each January, the state budget outlook work group shall also
37 prepare, subject to the approval of the economic and revenue forecast
38 council, a state budget outlook for state revenues and expenditures

1 that reflects the governor's proposed budget document submitted to the
2 legislature under chapter 43.88 RCW. Within thirty days following
3 enactment of an operating budget by the legislature, the work group
4 shall prepare, subject to the approval of the economic and revenue
5 forecast council, a state budget outlook for state revenues and
6 expenditures that reflects the enacted budget.

7 (6) All agencies of state government shall provide to the
8 supervisor immediate access to all information relating to state budget
9 outlooks.

10 (7) The state budget outlook work group must publish its proposed
11 methodology on the economic and revenue forecast council web site. The
12 state budget outlook work group, in consultation with the economic and
13 revenue forecast work group and outside experts if necessary, must
14 analyze the extent to which the proposed methodology for projecting
15 expenditures for the ensuing fiscal biennia may be reliably used to
16 determine the future impact of appropriations and make recommendations
17 to change the outlook process to increase reliability and accuracy.
18 The recommendations are due by December 1, 2013, and every five years
19 thereafter.

20 NEW SECTION. **Sec. 7.** Sections 5 and 6 of this act are necessary
21 for the immediate preservation of the public peace, health, or safety,
22 or support of the state government and its existing public
23 institutions, and take effect immediately.

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