



SENATE JOINT RESOLUTION 8206

Proposed to the People by the Legislature
Amendment to the State Constitution

Official Ballot Title:

The legislature has proposed a constitutional amendment on establishment of a budget stabilization account.

This amendment would require the legislature to transfer 1% of general state revenues to a budget stabilization account each year and prohibit expenditures from the account except as set forth in the amendment.

Should this constitutional amendment be:

Approved [] Rejected []

Votes cast by the 2007 Legislature on final passage:

Senate: Yeas, 45; Nays, 3; Absent, 0; Excused, 1.

House: Yeas, 74; Nays, 23; Absent, 0; Excused, 1.

Note: The Official Ballot Title and Explanatory Statement were written by the Attorney General as required by law. The complete text of Engrossed Substitute Senate Joint Resolution 8206 begins on page 31.

Explanatory Statement

The constitutional provision as it presently exists:


The state constitution currently does not require a budget stabilization account. State statutes, however, currently establish an “emergency reserve fund.” Under these statutes, the state treasurer is directed to transfer to the emergency reserve fund in each fiscal year a portion of revenues that exceed the “state expenditure limit.” With limited exceptions, the state expenditure limit is the maximum amount that may be spent from the state general fund and certain other accounts in each fiscal year and is calculated based, in part, on growth in personal income. Under these statutes, money may be spent from the emergency reserve fund only with the approval of two-thirds of the members of each house of the legislature, and only if total expenditures would not exceed the state expenditure limit. Under existing statutes, if the balance of the emergency reserve fund exceeds 5% of annual state general fund revenues, then 75% of any balance over that amount shall be transferred to the student achievement fund, earmarked for certain education purposes, and 25% shall be transferred to the general fund.

The legislature may amend or repeal statutes generally and accordingly, may amend or repeal statutes relating to the emergency reserve fund.

The effect of the proposed amendment, if it is approved:

If approved, this amendment would add a new provision to the state constitution establishing a budget stabilization account in the state treasury. The legislature would be authorized to enact laws to carry out the purposes of this amendment. The constitutional amendment would require that 1% of “general state revenue” for each fiscal year be transferred into the budget stabilization account. “General state revenue” means all state money received in the treasury, with certain exceptions that include money from the ownership or operation of any facility, undertaking, or project; money received for restricted purposes; and money received from the sale of bonds. The legislature could appropriate additional amounts into the budget stabilization account if it so chooses.

The constitutional amendment would permit money to be appropriated from the budget stabilization account only in four circumstances. First, if the governor declares a state of emergency resulting from a catastrophic event that makes action by government necessary to protect life or public safety, then by a majority vote of each house of the legislature, money could be appropriated from the account to respond to that emergency. Second, if the official forecast for job growth in the state for any fiscal year is estimated to be less than 1%, then for that fiscal year, money could be appropriated from the account by a majority vote of each house of the legislature. Third, the legislature could appropriate money from the account at any time by favorable vote of at least three-fifths (60%) of the members of each house of the legislature. Fourth, if the balance in the budget stabilization account exceeds 10% of estimated general state revenues for that fiscal year, then by majority vote of each house, the legislature could appropriate any amount that exceeds 10% of estimated general state revenues, but solely for deposit in the education construction fund. Under existing statutes, unless approved by two-thirds majority of the legislature and the voters, funds in the education construction account may be appropriated only for common school and higher education construction.

Under laws enacted by the legislature that would go into effect on July 1, 2008, and only if this proposed constitutional amendment is approved, the emergency reserve account statute would be repealed, and funds remaining in that account would be transferred to the budget stabilization account. 

Statement For ESSJR 8206

ESSJR 8206: WASHINGTON SHOULD SAVE FOR RAINY DAYS

Feast or famine? Washington's economy is sometimes up and sometimes down. Unexpected dips in state revenues from a down economy can force the legislature to either raise taxes or cut critical services just when they are needed most.

PREVENT TAX INCREASES AND PROTECT VITAL SERVICES

The Rainy Day Fund is a simple idea, recommended by the bipartisan Gates Tax Commission to save money during the good times so we are prepared for the bad.

Every year 1% of state revenues are automatically put into the fund.

Until the fund reaches 10% of state revenues, the money can only be spent when the economy declines seriously, as it did after 9/11, or if there is a catastrophic emergency requiring immediate action.

If other unforeseen circumstances come up, a 60% majority of the legislature can approve releases.

The spending rules are enforced by the Constitution, making the savings account more secure.

OVERWHELMING BIPARTISAN SUPPORT

The bill introducing this amendment was proposed by Governor Gregoire and approved by overwhelming bipartisan majorities in both the House and Senate.

REQUIRE OLYMPIA TO BUDGET LIKE WASHINGTON FAMILIES

Families prepare for rainy days. State government should do the same.

Vote YES on ESSJR 8206!

Rebuttal of Statement Against

Past responses to economic downturns illustrate the need for a rainy day fund.

After 9/11, cuts to education and health care for the needy.

In the early 1990s, a \$1 billion tax increase.

In the early 1980s, a sales tax on food.

ESSJR 8206 would help prevent this in the future. It would set money aside during good times for use in bad times, thereby avoiding tax increases and protecting critical services.

Please vote Yes.

Voters' Pamphlet Argument Prepared by:

ROSS HUNTER, State Representative, Chairman, Finance Committee; LISA BROWN, State Senator, Majority Leader; JOSEPH ZARELLI, State Senator, Ranking Member, Ways and Means Committee; GARY ALEXANDER, State Representative, Ranking Member, Appropriations Committee; HUGH SPITZER, public finance lawyer and law professor.

Statement Against ESSJR 8206

PROPOSED STABILIZATION ACCOUNT VOTE RESTRICTS CRITICAL DECISIONS.

This proposal restricts the legislature's ability to make critical decisions by requiring a "super majority" vote for expenditures from the stabilization account. It would allow a small minority to block decisions by the majority and would apply even in critical areas such as spending for education and health care. It violates our long-standing practice of majority decision making. Exceptions are made only for a state of emergency or very low employment growth.

YOU CAN'T PREDICT THE FUTURE.

This resolution fails to look forward. We can never predict what will happen. A major earthquake might bring consensus to legislators from different parties – but what about cuts from the federal government or a crashing economy? Partisan politics may stop access to needed funds.

Unlike the U.S. Congress, our state must pass a balanced budget. Many programs necessary for the success of our children are now the state's responsibility. Let's not handcuff ourselves – restricting our ability to react to growing and unexpected needs.

ESSJR 8206 COULD HURT OUR SCHOOLS AND ESSENTIAL GOVERNMENT SERVICES.

Even when the state's economy is struggling, ESSJR 8206 will restrict our ability to react. Funds that may be needed to keep our schools afloat, assist our seniors, or stimulate the economy won't be available. We need stability – not politics.

VOTE NO ON ESSJR 8206.

Vote NO on ESSJR 8206 and keep politics out of our State's Constitution.

Rebuttal of Statement For

A constitutional rainy day fund is a simplistic temporary crutch to address potential budget problems.

It delays permanent solutions to our state's real budget problems.

As the revenue builds, it serves as a tempting source to fund programs through the initiative process.

A rainy day fund will be difficult to access in cases where spending is critical.

Vote NO on ESSJR 8206 to protect our schools and essential government services and to protect our Constitution.

Voters' Pamphlet Argument Prepared by:

HELEN SOMMERS, State Representative, Chair, Appropriations Committee; KEN JACOBSEN, State Senator, Chair, Natural Resources, Ocean, Recreation Committee; SAM HUNT, State Representative, Chair, State Government, Tribal Affairs Committee; JEANNE KOHL-WELLES, State Senator, Chair, Labor, Commerce, Research, Development Committee; RUTH KAGI, State Representative, Chair, Early Learning, Children's Services Committee; JIM MOELLER, State Representative, Co-chair, Joint Committee Veterans, Military Affairs.



**ENGROSSED SUBSTITUTE
SENATE JOINT RES. NO. 8206**

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

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VII of the Constitution of the state of Washington by adding a new section to read as follows:

Article VII, section (a) A budget stabilization account shall be established and maintained in the state treasury.

(b) By June 30th of each fiscal year, an amount equal to one percent of the general state revenues for that fiscal year shall be transferred to the budget stabilization account. Nothing in this subsection (b) shall prevent the appropriation of additional amounts to the budget stabilization account.

(c) Each fiscal quarter, the state economic and revenue forecast council appointed and authorized as provided by statute, or successor entity, shall estimate state employment growth for the current and next two fiscal years.

(d) Moneys may be withdrawn and appropriated from the budget stabilization account as follows:

(i) If the governor declares a state of emergency resulting from a catastrophic event that necessitates government action to protect life or public safety, then for that fiscal year moneys may be withdrawn and appropriated from the budget stabilization account, via separate legislation setting forth the nature of the emergency and containing an appropriation limited to the above-authorized purposes as

contained in the declaration, by a favorable vote of a majority of the members elected to each house of the legislature.

(ii) If the employment growth forecast for any fiscal year is estimated to be less than one percent, then for that fiscal year moneys may be withdrawn and appropriated from the budget stabilization account by the favorable vote of a majority of the members elected to each house of the legislature.

(iii) Any amount may be withdrawn and appropriated from the budget stabilization account at any time by the favorable vote of at least three-fifths of the members of each house of the legislature.

(e) Amounts in the budget stabilization account may be invested as provided by law and retained in that account. When the balance in the budget stabilization account, including investment earnings, equals more than ten percent of the estimated general state revenues in that fiscal year, the legislature by the favorable vote of a majority of the members elected to each house of the legislature may withdraw and appropriate the balance to the extent that the balance exceeds ten percent of the estimated general state revenues. Appropriations under this subsection (e) may be made solely for deposit to the education construction fund.

(f) As used in this section, "general state revenues" has the meaning set forth in Article VIII, section 1 of the Constitution. Forecasts and estimates shall be made by the state economic and revenue forecast council appointed and authorized as provided by statute, or successor entity.

(g) The legislature shall enact appropriate laws to carry out the purposes of this section.

(h) This section takes effect July 1, 2008.

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



**SENATE JOINT RESOLUTION
NO. 8212**

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

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article II, section 29 of the Constitution of the state of Washington to read as follows:

Article II, section 29. ~~((After the first day of January eighteen hundred and ninety))~~ The labor of ((convicts)) inmates of this state shall not be let out by contract to any person, copartnership, company, or corporation, except as provided by statute, and the legislature shall by law provide for the working of ((convicts)) inmates for the benefit of the state, including the working of

inmates in state-run inmate labor programs. Inmate labor programs provided by statute that are operated and managed, in total or in part, by any profit or nonprofit entities shall be operated so that the programs do not unfairly compete with Washington businesses as determined by law.

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