

Senate Joint Resolution

8206

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

The legislature has proposed a constitutional amendment on the budget stabilization account maintained in the state treasury.

This amendment would require the legislature to transfer additional moneys to the budget stabilization account in each fiscal biennium in which the state has received "extraordinary revenue growth," as defined, with certain limitations.

Should this constitutional amendment be:

Approved

Rejected

Votes cast by the 2011 Legislature on final passage:
Senate: Yeas, 47; Nays, 0; Absent, 0; Excused, 2
House: Yeas, 76; Nays, 10; Absent, 0; Excused, 12



You are voting to Approve or Reject the bill passed by the Legislature

Approve - you *favor* the bill passed by the Legislature.

Reject - you *don't favor* the bill passed by the Legislature.

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Senate Joint Resolution 8206 is located at the end of this pamphlet.

Explanatory Statement

Written by the Office of the Attorney General

The Constitutional Provision as it Presently Exists

Article VII, section 12 of the Washington Constitution requires a budget stabilization account to be maintained in the state treasury. By the end of each fiscal year (June 30 of each year), the legislature must transfer to the budget stabilization account an amount equal to one percent of the general state revenues for that fiscal year. The legislature may approve the transfer of additional amounts. "General state revenues" means all state revenues that are not derived from a state undertaking or dedicated to a particular purpose, as set forth in article VIII, section 1 of the Washington Constitution.

Article VII, section 12 also authorizes the legislature to withdraw money from the budget stabilization account. The legislature may do so by majority vote in two situations: (1) during a fiscal year in which the governor declares a state of emergency in response to a catastrophic event that requires government action to protect life or public safety; or (2) in a fiscal year for which the forecasted state employment growth is estimated to be less than one percent. In addition, at any time the balance in the budget stabilization account exceeds ten percent of estimated general state revenues for that fiscal year, the legislature by majority vote may transfer the amount in excess of ten percent to the education construction fund. Otherwise, a three-fifths vote of the legislature is required to withdraw or transfer money from the budget stabilization account. All relevant estimates of employment and revenue are made by the state economic and revenue forecast council.

The Effect of the Proposed Amendment, if Approved

The proposed amendment to article VII, section 12 would require additional revenue to be transferred to the budget stabilization account in any fiscal biennium in which there has been

"extraordinary revenue growth," with certain limitations. "Extraordinary revenue growth" is defined by reference to a baseline consisting of the average biennial percentage growth in general state revenues over the preceding five biennia. Any growth in general state revenue that is more than one-third greater than the baseline is defined as "extraordinary revenue growth." In determining whether "extraordinary revenue growth" has occurred, historical general state revenues must be adjusted to reflect statutory changes to revenue dedication.

The legislature would be required to transfer three-fourths of that "extraordinary revenue growth" to the budget stabilization account, subject to two limitations. First, no transfer of "extraordinary revenue growth" is required where annual average state employment growth during the preceding fiscal biennium averaged less than one percent per fiscal year. Second, no transfer of "extraordinary revenue growth" is required unless the transfer would exceed the amount already transferred to the budget stabilization account during the fiscal biennium, under present law. The deadline for transferring the additional revenue would be the end of each fiscal biennium (June 30 in odd-numbered years).

No change would be made to the legislature's authority to withdraw money from the budget stabilization account.

Fiscal Impact Statement

Not required by law

Argument For Senate Joint Resolution 8206

Overwhelming Bipartisan Support for Strengthening Voter-Approved Rainy Day Fund

In 2007, voters approved the creation of a constitutionally-protected rainy day fund that requires state government to set aside 1% of revenues annually for hard times. SJR 8206, a bipartisan measure, strengthens this fund by requiring a portion of “extraordinary” revenue – that which exceeds 133% of historical average growth – be saved, rather than spent.

Use Good Economic Times to Prepare for Bad

State government should save more money during good times, like the housing boom of several years ago when revenue grew at more than twice the historical average. Saving more of this windfall would have better prepared the state for the downturn that followed.

Approving SJR 8206 will help: *Build stronger reserves*, leaving the state better prepared for difficult economic times; and *Keep spending at a more sustainable level*, limiting expansions based on unexpected or windfall revenue.

Protect Vital Services

A robust rainy day fund protects crucial state services like education and healthcare from deep cuts in bad economic times like we are experiencing now. Putting extraordinary revenue in the fund provides this cushion.

Plan for the Future

Just as your family would not take on unsustainable commitments if you received an unexpected windfall, neither should Olympia. SJR 8206 puts windfall revenue in the rainy day fund for extraordinary use, protecting state services from equally unexpected downturns. Help put an end to roller coaster budgeting – Vote yes on SJR 8206!

Rebuttal of Argument Against

Opponents argue for permitting budgets to be built on unsustainable revenue spikes. This is simply not prudent. Extraordinary revenue spikes should be saved in the constitutionally-protected rainy day fund, not immediately spent. This will prevent unsustainable spending increases and help protect vital services when times get tough. Passed with overwhelming bipartisan support, SJR 8206 is prudent, thoughtful policy aimed at better management and control of state spending. *End roller coaster budgeting - please vote yes!*

Argument Prepared by

Joseph Zarelli, State Senator, Republican, Ridgefield, 18th Legislative District; **Ross Hunter**, State Representative, Democrat, Medina, 48th Legislative District; **James McIntire**, Washington State Treasurer.

Contact: No information submitted

Argument Against Senate Joint Resolution 8206

In 2007 voters amended the constitution to create a “rainy day fund” as a way to force the legislature to save money for bad times. 1% of general funds go into savings for hard times (currently almost \$300 million). It’s working well.

8206 requires *more* than the 1% that voters approved - it would *also* require that “extraordinary revenues” go into savings. While it sounds like a good idea to save more – the result is people paying taxes and getting nothing for it, except a bigger savings account.

Budget cuts from hard times couldn’t be backfilled with this money, so people would have to live with fewer teachers and nurses, less fish and wildlife enforcement, less clean air monitoring, fewer roads and job creation, all while there was money in the bank waiting for the next recession.

Many people hate it when their bank makes them keep a minimum balance on hand when bills are due. 8206 would effectively raise that minimum balance so class sizes get bigger, prisoners get released early, there is less law enforcement, and there is less help available to people in need.

8206 decreases the amount of taxpayer money that can be used for things taxpayers want and need (and paid for) so it can sit in an already existing rainy day fund with plenty of money in it. It means budget cuts become permanent and you aren’t getting the government you paid for. Please *vote no*.

Rebuttal of Argument For

The existing rainy day fund is \$300 million worth of proof that the state is using good economic times to plan for the future. No family puts “extra” money in their savings account when there are still important needs to be met, and government shouldn’t either. Continue the constitutionally protected savings account, *and* allow other revenue to be used for backfilling budget cuts made during the recession. *Please vote no* on SJR 8206.

Argument Prepared by

Zack Hudgins, State Representative, 11th District;
Sam Hunt, State Representative, 22nd District;
Mary Lou Dickerson, State Representative, 36th District;
Bob Hasegawa, State Representative, 11th District;
Jamie Pedersen, State Representative, 43rd District;
Jeff Johnson, President, Washington State Labor Council, AFL-CIO.

Contact: No information submitted

Complete Text

Senate Joint Resolution 8205

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 VI of the Constitution of the state of Washington by repealing section 1A thereof in its entirety.

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.

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Complete Text

Senate Joint Resolution 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, section 12 of the Constitution of the state of Washington to read as follows:

Article VII, section 12. (a) A budget stabilization account shall be established and maintained in the state treasury.

(b)(1) 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.

(2) By June 30th of the second year of each fiscal biennium, three-quarters of any extraordinary revenue growth shall be transferred to the budget stabilization account. However, no transfer of extraordinary revenue growth under this subsection (b)(2) shall occur in a fiscal biennium following a fiscal biennium in which annual average state employment growth averaged less than one percent per fiscal year. "Extraordinary revenue growth" means the amount by which the growth in general state revenues for that fiscal biennium exceeds by one-third the average biennial percentage growth in general state revenues over the prior five fiscal biennia. In making this determination, the comparability of data shall be maintained by adjusting historical general state revenues to reflect statutory changes to the dedication of state revenues. The transfer under this subsection shall be made only to the extent that it exceeds the total transfers under (1) of this subsection for that fiscal biennium.

(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.

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Have questions?

Your county elections department has answers.

Contact your county elections department to:

- Verify or update your voter registration;
- Get a replacement ballot; or
- Find your nearest ballot drop box.

Visit a county voting center for:

- Voter registration materials;
- Ballots;
- Provisional ballots;
- Accessible voting;
- Sample ballots;
- Instructions;
- A ballot drop box; or
- Additional voters' pamphlets.

Your voting rights and responsibilities.

You have the right to:

- A replacement ballot;
- Accessible voting materials; and
- Assistance when casting a ballot.

You are responsible for:

- Registering by the deadline;
- Updating your mailing address; and
- Returning your ballot by 8 pm on Election Day.

Military voters!

You can register anytime before Election Day, regardless of the deadline.

You can request a ballot be delivered via email.

Contact your county elections department.