
HOUSE BILL 2270

State of Washington

65th Legislature

2018 Regular Session

By Representatives MacEwen and Kilduff

Prefiled 12/08/17.

1 AN ACT Relating to changing the dates of the state fiscal year;
2 amending RCW 1.16.020, 43.88.020, and 43.88.055; creating new
3 sections; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The state Constitution establishes regular
6 legislative sessions of not more than one hundred five days in odd-
7 numbered years, to be convened on a date established by the
8 legislature in statute. The state Constitution also establishes a
9 biennial appropriations cycle in which expenditures must be incurred
10 no later than one calendar month after the close of the fiscal
11 biennium for which the appropriations were made.

12 The legislature finds that the current calendar appropriations
13 cycle, in which the June 30th end of the fiscal year falls more than
14 sixty days after the end of the regular session in odd-numbered
15 years, has resulted in undue delays in adopting a budget for the
16 ensuing fiscal biennium. To better align the state's budget cycle
17 with the legislature's regular budget-writing sessions, the
18 legislature therefore intends to change the beginning of the fiscal
19 year to May 1st, effective May 1, 2019.

1 **Sec. 2.** RCW 1.16.020 and 1985 c 175 s 2 are each amended to read
2 as follows:

3 (1) Through December 31, 2018, the fiscal biennium of the state
4 shall commence on the first day of July in each odd-numbered year and
5 end on the thirtieth day of June of the next succeeding odd-numbered
6 year. Beginning January 1, 2019, the fiscal biennium of the state
7 shall commence on the first day of May in each odd-numbered year and
8 end on the thirtieth day of April in the next succeeding odd-numbered
9 year.

10 (2) The fiscal biennium of those cities and towns which utilize a
11 biennial budget shall commence on the first day of January in each
12 odd-numbered year and end on the thirty-first day of December of the
13 next succeeding even-numbered year.

14 **Sec. 3.** RCW 43.88.020 and 2005 c 319 s 107 are each amended to
15 read as follows:

16 (1) "Budget" means a proposed plan of expenditures for a given
17 period or purpose and the proposed means for financing these
18 expenditures.

19 (2) "Budget document" means a formal statement, either written or
20 provided on any electronic media or both, offered by the governor to
21 the legislature, as provided in RCW 43.88.030.

22 (3) "Director of financial management" means the official
23 appointed by the governor to serve at the governor's pleasure and to
24 whom the governor may delegate necessary authority to carry out the
25 governor's duties as provided in this chapter. The director of
26 financial management shall be head of the office of financial
27 management which shall be in the office of the governor.

28 (4) "Agency" means and includes every state office, officer, each
29 institution, whether educational, correctional, or other, and every
30 department, division, board, and commission, except as otherwise
31 provided in this chapter.

32 (5) "Public funds", for purposes of this chapter, means all
33 moneys, including cash, checks, bills, notes, drafts, stocks, and
34 bonds, whether held in trust, for operating purposes, or for capital
35 purposes, and collected or disbursed under law, whether or not such
36 funds are otherwise subject to legislative appropriation, including
37 funds maintained outside the state treasury.

38 (6) "Regulations" means the policies, standards, and
39 requirements, stated in writing, designed to carry out the purposes

1 of this chapter, as issued by the governor or the governor's
2 designated agent, and which shall have the force and effect of law.

3 (7) "Ensuing biennium" means:

4 (a) Through December 31, 2018, the fiscal biennium beginning on
5 July 1st of the same year in which a regular session of the
6 legislature is held during an odd-numbered year pursuant to Article
7 II, section 12 of the Constitution and which biennium next succeeds
8 the current biennium;

9 (b) Beginning January 1, 2019, the fiscal biennium beginning on
10 May 1st of the same year in which a regular session of the
11 legislature is held during an odd-numbered year pursuant to Article
12 II, section 12 of the Constitution and which biennium next succeeds
13 the current biennium.

14 (8) "Dedicated fund" means a fund in the state treasury, or a
15 separate account or fund in the general fund in the state treasury,
16 that by law is dedicated, appropriated, or set aside for a limited
17 object or purpose; but "dedicated fund" does not include a revolving
18 fund or a trust fund.

19 (9) "Revolving fund" means a fund in the state treasury,
20 established by law, from which is paid the cost of goods or services
21 furnished to or by a state agency, and which is replenished through
22 charges made for such goods or services or through transfers from
23 other accounts or funds.

24 (10) "Trust fund" means a fund in the state treasury in which
25 designated persons or classes of persons have a vested beneficial
26 interest or equitable ownership, or which was created or established
27 by a gift, grant, contribution, devise, or bequest that limits the
28 use of the fund to designated objects or purposes.

29 (11) "Administrative expenses" means expenditures for: (a)
30 Salaries, wages, and related costs of personnel and (b) operations
31 and maintenance including but not limited to costs of supplies,
32 materials, services, and equipment.

33 (12) "Fiscal year" means, through December 31, 2018, the year
34 beginning July 1st and ending the following June 30th. Beginning
35 January 1, 2019, "fiscal year 2019" means the period beginning July
36 1, 2018, and ending April 30, 2019, and for fiscal year 2020 and each
37 fiscal year thereafter, "fiscal year" means the year beginning on May
38 1st and ending on April 30th.

39 (13) "Lapse" means the termination of authority to expend an
40 appropriation.

1 (14) "Legislative fiscal committees" means the joint legislative
2 audit and review committee, the legislative evaluation and
3 accountability program committee, and the ways and means and
4 transportation committees of the senate and house of representatives.

5 (15) "Fiscal period" means the period for which an appropriation
6 is made as specified within the act making the appropriation.

7 (16) "Primary budget driver" means the primary determinant of a
8 budget level, other than a price variable, which causes or is
9 associated with the major expenditure of an agency or budget unit
10 within an agency, such as a caseload, enrollment, workload, or
11 population statistic.

12 (17) "State tax revenue limit" means the limitation created by
13 chapter 43.135 RCW.

14 (18) "General state revenues" means the revenues defined by
15 Article VIII, section 1(c) of the state Constitution.

16 (19) "Annual growth rate in real personal income" means the
17 estimated percentage growth in personal income for the state during
18 the current fiscal year, expressed in constant value dollars, as
19 published by the office of financial management or its successor
20 agency.

21 (20) "Estimated revenues" means estimates of revenue in the most
22 recent official economic and revenue forecast prepared under RCW
23 82.33.020, and prepared by the office of financial management for
24 those funds, accounts, and sources for which the office of the
25 economic and revenue forecast council does not prepare an official
26 forecast, that are prepared by the office of financial management in
27 consultation with the transportation revenue forecast council.

28 (21) "Estimated receipts" means the estimated receipt of cash in
29 the most recent official economic and revenue forecast prepared under
30 RCW 82.33.020, and prepared by the office of financial management for
31 those funds, accounts, and sources for which the office of the
32 economic and revenue forecast council does not prepare an official
33 forecast.

34 (22) "State budgeting, accounting, and reporting system" means a
35 system that gathers, maintains, and communicates fiscal information.
36 The system links fiscal information beginning with development of
37 agency budget requests through adoption of legislative appropriations
38 to tracking actual receipts and expenditures against approved plans.

39 (23) "Allotment of appropriation" means the agency's statement of
40 proposed expenditures, the director of financial management's review

1 of that statement, and the placement of the approved statement into
2 the state budgeting, accounting, and reporting system.

3 (24) "Statement of proposed expenditures" means a plan prepared
4 by each agency that breaks each appropriation out into monthly detail
5 representing the best estimate of how the appropriation will be
6 expended.

7 (25) "Undesignated fund balance (or deficit)" means unreserved
8 and undesignated current assets or other resources available for
9 expenditure over and above any current liabilities which are expected
10 to be incurred by the close of the fiscal period.

11 (26) "Internal audit" means an independent appraisal activity
12 within an agency for the review of operations as a service to
13 management, including a systematic examination of accounting and
14 fiscal controls to assure that human and material resources are
15 guarded against waste, loss, or misuse; and that reliable data are
16 gathered, maintained, and fairly disclosed in a written report of the
17 audit findings.

18 (27) "Performance verification" means an analysis that (a)
19 verifies the accuracy of data used by state agencies in quantifying
20 intended results and measuring performance toward those results, and
21 (b) verifies whether or not the reported results were achieved.

22 (28) "Performance audit" has the same meaning as it is defined in
23 RCW 44.28.005.

24 **Sec. 4.** RCW 43.88.055 and 2012 1st sp.s. c 8 s 1 are each
25 amended to read as follows:

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

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

32 (b) Beginning in the 2013-2015 fiscal biennium, the projected
33 maintenance level of the omnibus appropriations bill enacted by the
34 legislature shall not exceed the available fiscal resources for the
35 next ensuing fiscal biennium.

36 (2) For purposes of this section:

37 (a) "Available fiscal resources" means the beginning general fund
38 and related fund balances and any fiscal resources estimated for the
39 general fund and related funds, adjusted for enacted legislation, and

1 with forecasted revenues adjusted to the greater of (i) the official
2 general fund and related funds revenue forecast for the ensuing
3 biennium, or (ii) the official general fund and related funds
4 forecast for the second fiscal year of the current fiscal biennium,
5 increased by 4.5 percent for each fiscal year of the ensuing
6 biennium;

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

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

24 (3) Through fiscal year 2019, subsection (1)(a) and (b) of this
25 section does not apply to an appropriations bill that makes net
26 reductions in general fund and related funds appropriations and is
27 enacted between July 1st and February 15th of any fiscal year.
28 Thereafter, subsection (1) of this section does not apply to an
29 appropriations bill that makes net reductions in general fund or
30 related fund appropriations and that is enacted between May 1st and
31 February 15th of any fiscal year.

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

35 NEW SECTION. Sec. 5. (1) By November 1, 2018, the office of
36 financial management must provide a report to the appropriations
37 committee of the house of representatives and the ways and means
38 committee of the senate regarding the transition to the new fiscal
39 year period. The report must include recommendations about any

1 additional changes to state law that are necessary to facilitate the
2 transition. Each state agency and institution of higher education is
3 encouraged to provide information to the office of financial
4 management regarding the impact of the transition on the respective
5 agencies and institutions.

6 (2) The code reviser shall prepare legislation for the 2019
7 regular session that makes appropriate conforming amendments to any
8 statute which references or relies on the fiscal year period in
9 effect prior to the effective date of this section.

10 NEW SECTION. **Sec. 6.** This act takes effect July 1, 2018.

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