

# SENATE BILL REPORT

## SJR 8217

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As of January 27, 2006

**Title:**

**Brief Description:** Amending the state Constitution to provide for a revenue stabilization fund.

**Sponsors:** Senator Franklin.

**Brief History:**

**Committee Activity:** Ways & Means: 2/1/06.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Steve Jones (786-7440)

**Background:** Initiative 601, adopted by the voters in 1993, established by statute a State General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all State General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

**Summary of Bill:** The State Constitution is amended to establish a Revenue Stabilization Fund. In any year in which there is forecasted growth in general state revenues, adjusted for inflation, one percent of general state revenues are deposited to the Revenue Stabilization Fund. If general state revenues are forecasted to drop, the amount of the shortfall is appropriated from the Revenue Stabilization Fund to the General Fund.

Other withdrawals from the Revenue Stabilization Fund may be made only by a three-fifths vote of the Legislature. When the Revenue Stabilization Fund exceeds ten percent of general state revenues, withdrawals may be made with a simple majority vote of the Legislature.

The Legislature may enact legislation to implement the Constitutional amendment. By a three-fifths vote of the Legislature, the revenue growth trigger for deposits and withdrawals from the Revenue Stabilization Fund may be amended, but the revenue growth trigger cannot be more than one percent or less than negative one percent.

The Constitutional amendment takes effect for the third fiscal year after approval by the voters.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect for fiscal year 2010.