

businesses, giving consideration to various factors such as business and occupation taxes imposed, square footage of the business, number of employees, gross sales, or any other reasonable factor relating to the benefit received, including the degree of benefit received from parking ((only)).

Sec. 3. Section 235, chapter 249, Laws of 1909 and RCW 19.60.010 are each amended to read as follows:

(1) Every person engaged, in whole or in part, in the business of loaning money on the security of pledges, deposits or conditional sales of personal property, shall be deemed to be a pawn broker.

(2) Every person engaged in whole or in part in the business of purchasing precious metals in a place other than a place of business where precious metals are ordinarily and customarily purchased shall be deemed to be a pawnbroker doing business in a first class city: PROVIDED, That any report required to be furnished to the chief of police shall be furnished to the county sheriff in the absence of a chief of police.

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## CHAPTER 280

[Substitute Senate Bill No. 4078]

### BUDGET STABILIZATION ACCOUNT

AN ACT Relating to the budget and revenues of the state of Washington; creating a new account in the general fund; amending section 43.88.020, chapter 8, Laws of 1965 as last amended by section 25, chapter 87, Laws of 1980 and RCW 43.88.020; amending section 43.88.160, chapter 8, Laws of 1965 as last amended by section 139, chapter 151, Laws of 1979 and RCW 43.88.160; adding new sections to chapter 43.88 RCW; providing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. The legislature finds that during periods of recession or slowing economic growth, receipts of state revenues may decline below projections, yet the demand for state services does not correspondingly lessen and may in fact increase. There is need for a means to assure that services required in such periods can be maintained at or near the level anticipated by the legislature when making appropriations. The legislature therefore finds that a budget stabilization account into which will be deposited state revenues during favorable periods of economic activity will provide a resource for the stable financing of essential state services during periods of revenue shortfall.

NEW SECTION. Sec. 2. A budget stabilization account is hereby created as an account in the general fund of the state treasury for the purposes set forth in sections 1 through 5 of this act. There shall be deposited into

the stabilization account the revenues described in section 3 of this act and such other amounts as the legislature may from time to time direct to be deposited in the account. The governor's biennial budget document for the 1983-85 biennium and for each succeeding biennium shall contain a request for necessary transfers from the general fund to the budget stabilization account of those revenues identified in section 3 of this act.

**NEW SECTION.** Sec. 3. Transfers to the stabilization account shall equal one percent of general state revenues as established by appropriation. Unless waived pursuant to section 4 of this act, transfers shall be made by the state treasurer during each biennium in eight equal amounts not later than the last day of each quarter commencing September 30, 1983.

The state treasurer pursuant to appropriation shall transfer the unobligated cash surplus in the general fund as determined by the director of financial management after the conclusion of each biennium and following the certification of general state revenues by the state treasurer, provided that such revenues do not exceed the state tax revenue limit. No further deposits shall be made to the stabilization account during a biennium when the amount of the account equals or exceeds five percent of general state revenues for the biennium.

**NEW SECTION.** Sec. 4. To provide for the continuation of agency programs at or near levels of existing appropriations when state revenues decline below projections, such funds in the stabilization account as are necessary for that purpose may be transferred to the general fund in the state treasury and expended as follows:

- (1) Pursuant to separate appropriation by the legislature; or
- (2) By executive order of the governor, when the legislature is not in session, pursuant to an appropriation to the governor's office for that purpose, setting forth conditions and limitations on the transfer and use of the moneys. The governor's executive order shall contain a statement of the conditions requiring the transfer to the general fund and the limitations on the expenditure of the funds within the terms of the appropriation: **PROVIDED**, That no moneys shall be transferred and used unless approved by the legislative budget committee.

The legislature by appropriation may provide for, or the governor may authorize, the waiver of deposits in any biennium to the stabilization account in the event of a transfer from the account to the general fund during such biennium.

**NEW SECTION.** Sec. 5. Subsequent to a transfer to the general fund from the stabilization account, resumption of further deposits to the stabilization account shall be made during the biennium when projections of state revenues, as determined pursuant to this section, demonstrate that resumption of deposits can be made.

The director of financial management as agent of the governor shall identify the revenue forecasts to be utilized and the timing of resumption of deposits to the stabilization account.

Sec. 6. Section 43.88.020, chapter 8, Laws of 1965 as last amended by section 25, chapter 87, Laws of 1980 and RCW 43.88.020 are each amended to read as follows:

(1) "Budget" shall mean a proposed plan of expenditures for a given period or purpose and the proposed means for financing these expenditures(;;).

(2) "Budget document" shall mean a formal, written statement offered by the governor to the legislature, as provided in RCW 43.88.030.

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

(4) "Agency" shall mean and include every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided in this chapter.

(5) "Public funds", for purposes of this chapter, shall mean all moneys, including cash, checks, bills, notes, drafts, stocks and bonds, whether held in trust or for operating purposes and collected or disbursed under law, whether or not such funds are otherwise subject to legislative appropriation.

(6) "Regulations" shall mean the policies, standards and requirements, stated in writing, designed to carry out the purposes of this chapter, as issued by the governor or his designated agent, and which shall have the force and effect of law.

(7) "Ensuing biennium" shall mean the fiscal biennium beginning on July 1st of the same year in which a regular session of the legislature is held during an odd-numbered year pursuant to Article II, section 12 of the Constitution and which biennium next succeeds the current biennium.

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

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

(10) "Trust fund" means a fund in the state treasury in which designated persons or classes of persons have a vested beneficial interest or equitable

ownership, or which was created or established by a gift, grant, contribution, devise, or bequest that limits the use of the fund to designated objects or purposes.

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

(12) "Fiscal year" means the year beginning July 1st and ending the following June 30th.

(13) "Stabilization account" means the budget stabilization account created under section 2 of this 1981 act as an account in the general fund of the state treasury.

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

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

Sec. 7. Section 43.88.160, chapter 8, Laws of 1965 as last amended by section 139, chapter 151, Laws of 1979 and RCW 43.88.160 are each amended to read as follows:

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefor, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

(1) Governor; director of financial management. The governor, through his director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for comprehensive central accounts in the office of financial management. The director of financial management may require such financial, statistical and other reports as he deems necessary from all agencies covering any period.

In addition, the director of financial management, as agent of the governor, shall:

(a) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and he shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;

(b) Report to the governor with regard to duplication of effort or lack of coordination among agencies;

(c) Review any pay and classification plans, and changes thereunder, developed by any agency for their fiscal impact: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. He shall advise and confer with agencies including appropriate standing committees of the legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter said plans, except that for the following agencies no amendment or alteration of said plans may be made without the approval of the agency concerned: Agencies headed by elective officials.

(d) Fix the number and classes of positions or authorized man years of employment for each agency and during the fiscal period amend the determinations previously fixed by him except that he shall not be empowered to fix said number or said classes for the following: Agencies headed by elective officials;

(e) Provide for transfers and repayments between the budget stabilization account and the general fund as directed by appropriation and sections 2 through 5 of this 1981 act.

(f) Promulgate regulations to effectuate provisions contained in subsections (a) through ~~((d))~~ (e) hereof.

(2) The treasurer shall:

(a) Receive, keep and disburse all public funds of the state not expressly required by law to be received, kept and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;

(b) Disburse public funds under his supervision or custody by warrant or check;

(c) Keep a correct and current account of all moneys received and disbursed by him, classified by fund or account;

(d) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to issue any warrant or check for public funds in the treasury except upon forms duly prescribed by the director of financial management. Said forms shall provide for authentication and certification by the agency head or his designee that the services have been rendered or the materials have been furnished; or, in the case of payments for periodic maintenance services to be performed on state owned equipment, that a written contract for such periodic maintenance services is currently in effect and copies thereof are on file with the office of financial management; and the treasurer shall not be liable under his surety bond for

erroneous or improper payments so made: **PROVIDED**, That when services are lawfully paid for in advance of full performance by any private individual or business entity other than as provided for by RCW 42.24.035, such individual or entity other than central stores rendering such services shall make a cash deposit or furnish surety bond coverage to the state as shall be fixed in an amount by law, or if not fixed by law, then in such amounts as shall be fixed by the director of the department of general administration but in no case shall such required cash deposit or surety bond be less than an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services: **AND PROVIDED FURTHER**, That no payments shall be made in advance for any equipment maintenance services to be performed more than three months after such payment. Any such bond so furnished shall be conditioned that the person, firm or corporation receiving the advance payment will apply it toward performance of the contract. The responsibility for recovery of erroneous or improper payments made under this section shall lie with the agency head or his designee in accordance with regulations issued pursuant to this chapter.

(3) The state auditor shall:

(a) Report to the legislature the results of current post audits that have been made of the financial transactions of each agency; to this end he may, in his discretion, examine the books and accounts of any agency, official or employee charged with the receipt, custody or safekeeping of public funds. The current post audit of each agency may include a section on recommendations to the legislature as provided in subsection (3)(c) of this section.

(b) Give information to the legislature, whenever required, upon any subject relating to the financial affairs of the state.

(c) Make his official report on or before the thirty-first of December which precedes the meeting of the legislature. The report shall be for the last complete fiscal period and shall include at least the following:

Determinations as to whether agencies, in making expenditures, complied with the laws of this state: **PROVIDED**, That nothing in this act shall be construed to grant the state auditor the right to perform performance audits. A performance audit for the purpose of this act shall be the examination of the effectiveness of the administration, its efficiency and its adequacy in terms of the programs of departments or agencies as previously approved by the legislature. The authority and responsibility to conduct such an examination shall be vested in the legislative budget committee as prescribed in RCW 44.28.085 as now or hereafter amended.

(d) Be empowered to take exception to specific expenditures that have been incurred by any agency or to take exception to other practices related in any way to the agency's financial transactions and to cause such exceptions to be made a matter of public record, including disclosure to the agency concerned and to the director of financial management. It shall be

the duty of the director of financial management to cause corrective action to be taken promptly, such action to include, as appropriate, the withholding of funds as provided in RCW 43.88.110.

(e) Shall promptly report any irregularities to the attorney general.

(4) The legislative budget committee may:

(a) Make post audits of the financial transactions of any agency and management surveys and program reviews as provided for in RCW 44.28-.085 as now or hereafter amended. To this end the committee may in its discretion examine the books, accounts, and other records of any agency, official, or employee.

(b) Give information to the legislature or any legislative committee whenever required upon any subject relating to the performance and management of state agencies.

(c) Make a report to the legislature which shall include at least the following:

(i) Determinations as to the extent to which agencies in making expenditures have complied with the will of the legislature and in this connection, may take exception to specific expenditures or financial practices of any agencies; and

(ii) Such plans as it deems expedient for the support of the state's credit, for lessening expenditures, for promoting frugality and economy in agency affairs and generally for an improved level of fiscal management.

NEW SECTION. Sec. 8. Sections 1 through 5 of this act are each added to chapter 43.88 RCW.

NEW SECTION. Sec. 9. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 10. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1981.

Passed the Senate April 2, 1981.

Passed the House April 22, 1981.

Approved by the Governor May 18, 1981.

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