



March 26, 2007

## Hello, Friends!

We're now 11 weeks into our 15-week 2007 Legislative Session in Olympia, and the end is in sight! This week we were back in committees to hear the bills passed by the House of Representatives. We also saw the announcement of the House operating and transportation budget plans for the 2007-09 biennium, and it calls for a **record increase in state spending.**

The plan raises spending by an astounding amount (Does a \$4.4 billion increase shock you? It does me!). The budget plan also fails to implement a constitutional rainy day fund, spends extra money identified in a recent revenue forecast and opens the door to future spending. You'll find more about the budget in this e-newsletter. The Senate releases its budget on Tuesday, and it's expected to be just as big.

I wish I had better news to report, but when the majority party runs things it usually means more spending and less saving. I hope these weekly e-mail updates are helping to keep you informed on the big issues that will affect you, and again, ***thanks for taking the time to read this.*** If you ever have any questions, comments or concerns, please don't hesitate to contact me. And if you're ever in Olympia, feel free to drop by my office to say hi.

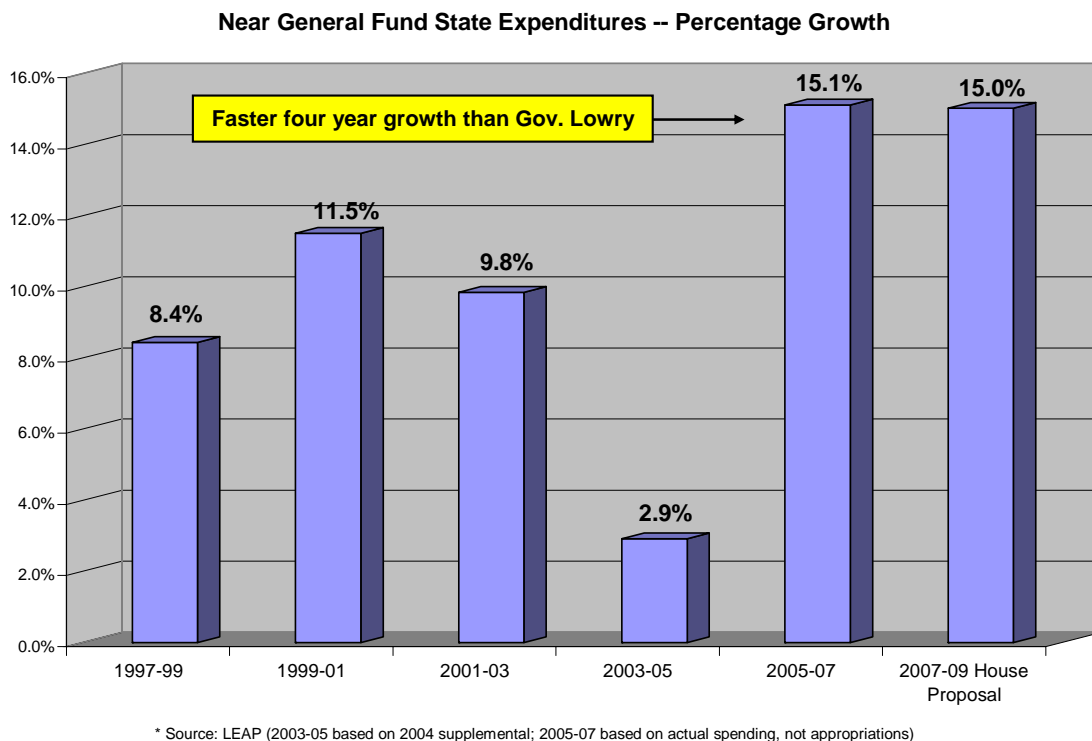
### **\$4.4 billion in new spending under House budget proposal**

On Tuesday, March 20, the House majority party released its spending plan for the next biennium. **Every other year the Legislature holds a "long" 105-day session, with the main purpose being to write a two-year state budget.** The governor always unveils his/her budget in December, followed by the legislative budgets. The House and Senate take turns introducing their budget plans first – this year it was the House's turn to lead.

Overall, the plan spends nearly \$33.4 billion, a \$4.4 billion (15-percent) increase in spending over the current budget. The recent \$240 million revenue gain (because of lower-than-expected caseloads) is spent, not saved. **The \$2.1 billion surplus is drained to \$664 million.**

The House does not propose a constitutionally protected savings account, and the rainy day fund that the Senate passed earlier this year has been sitting in the House Appropriations Committee since Feb. 23. The House budget also puts the state and taxpayers at risk by not making up the “skipped” payments to the plan 1 pension account’s unfunded liability. **However, the House budget does partially fund my proposal to make our communities safer by helping released offenders succeed instead falling back into a life of crime ([Senate Bill 5070](#)).** It also provides money to the state’s colleges and universities to keep tuition increases below the 7-percent cap as required in the Senate-passed measure, [Senate Bill 5806](#).

Here’s a chart that shows how the House’s proposed spending outpaces previous years:



One thing I’m not very happy about is the House budget’s attempt to get around the voter-approved Initiative 601 spending limit. In the middle of a biennium, the Legislature approves supplemental operating budgets to respond to emergencies and unexpected costs. Unfortunately, supplemental budgets also provide the opportunity to get around the I-601 spending limit for the next biennium.

**This year, the House supplemental budget makes \$460 million in fund transfers, which are not spent in the remainder of the biennium, but which are done solely to inflate the permissible spending limit in the 2007-09 operating budget.**

Another budget item that saw an increase this year is the House transportation budget. In 2003 and 2005, when the Legislature raised the gas tax, promises were made to complete a list of 432 statewide transportation projects through 2021. Since then, construction costs have escalated, and to keep on track, the House transportation budget borrows additional money – \$1.1 billion. The Senate transportation budget, due to be released soon, is expected to also borrow additional funds to keep the state’s commitment.

The total budget proposed by the House is \$7.32 billion. The budget also takes a new approach to so-called “mega-projects.” **Instead of waiting until financing is secure and cost estimates are complete, the budget begins the huge projects to avoid the inflationary costs of delaying initial work.** Projects such as the Evergreen Point Bridge, the North-South Freeway in Eastern Washington, and the Columbia River crossing are good examples of work that could begin before all the details are ironed out.

To sum it all up, I’m disappointed that the House budget proposal increases spending by so much without at least saving some for when economic times are tough. I’m also hesitant about the release of the Senate budget proposal this week, which I’m sure will increase spending as well. **I will be working hard to keep the state spending levels down and let you keep more of your money in your pocket.**

## In Closing

**Thanks again for taking the time to read my e-mail update.** As always, feel free to contact me here in Olympia.

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Sincerely,



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