

SENATE BILL REPORT

2ESSB 5915

As Passed Senate, February 17, 2016

Title: An act relating to fiscal notes.

Brief Description: Addressing fiscal notes and fiscal impact statements.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Angel, Miloscia, Braun, Dansel, Schoesler, Hewitt and Chase).

Brief History:

Committee Activity: Ways & Means: 2/23/15, 2/26/15 [DPS].

Passed Senate: 3/11/15, 49-0; 2/17/16, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5915 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hewitt, O'Ban, Padden, Parlette, Rolfes, Schoesler, Warnick, Hatfield and Kohl-Welles.

Staff: Steve Jones (786-7440)

Background: A fiscal note is a statement of estimated fiscal impacts of proposed legislation. A fiscal note estimates the state and local government revenue and expenditure impact of the proposed legislation for the current fiscal biennium and for the following two biennia. Fiscal Notes are prepared by state agencies, and the process is supervised by the Office of Financial Management (OFM). Estimates of fiscal impacts are calculated under instructions issued by OFM.

Summary of Second Engrossed Substitute Bill: Upon the request of a member of the fiscal committees of the Legislature and subject to the availability of specific appropriations, OFM must prepare a dynamic fiscal impact statement that estimates the net fiscal impact of the bill, including behavioral changes that may have an impact on the state economy as a whole. The request must be made at least 60 days prior to a legislative session, and the

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

dynamic fiscal impact statement is prepared only if the bill has an annual revenue impact greater than \$10 million.

Beginning in 2017, fiscal notes dealing with corrections, child welfare, and mental health issues must include an estimate of impacts on expenditures of other state and local government programs, and a return on investment as a result of the legislation, if the impact of the legislation exceeds \$5 million.

Subject to the availability of specific appropriations, OFM and the Washington State Institute for Public Policy must convene a workgroup to explore the establishment of a nonpartisan agency to conduct impartial fiscal analysis on behalf of the Legislature. The workgroup must include members of the Senate and House of Representatives, as well as representatives of the Legislative Evaluation and Accountability Program Committee, the State Treasurer, the Caseload Forecast Council, and the Economic and Revenue Forecast Council. The workgroup must report its findings and recommendations to the Legislature by December 1, 2016.

The act expires on June 30, 2022.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: To encourage a thriving state economy, dynamic fiscal impact statements will show the positive economic impact of state investments. This will tell the whole story, including the costs and the consequences. More information is better than less information. The dynamic fiscal impact statements will provide a more thoughtful analysis of pending legislation. This will result in fewer fiscal notes that have indeterminate findings. Local government will be helped by more complete fiscal analysis.

CON: Macroeconomic shifts are difficult to forecast, and such projections are unreliable and create uncertainty.

Persons Testifying: PRO: Senator Brown, prime sponsor; Amber Carter, Assn. of WA Business; Brian Enslow, WA Assn. of Counties.

CON: Kim Justice, WA State Budget and Policy Center.