

HOUSE BILL REPORT

HB 1981

As Reported by House Committee On:
State Government, Elections & Information Technology

Title: An act relating to estimating the effective tax rate of proposed ballot measures and legislation.

Brief Description: Estimating the effective tax rate of proposed ballot measures and legislation.

Sponsors: Representatives Farrell, Ormsby, Slatter, Pollet and Jinkins.

Brief History:

Committee Activity:

State Government, Elections & Information Technology: 2/15/17, 2/17/17 [DPS].

Brief Summary of Substitute Bill

- Directs the Office of Financial Management (OFM) to prepare revenue equity statements for statewide ballot measures.
- Directs the OFM to establish a procedure to provide tax rate equity statements for legislative bills.

HOUSE COMMITTEE ON STATE GOVERNMENT, ELECTIONS & INFORMATION TECHNOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Hudgins, Chair; Dolan, Vice Chair; Volz, Assistant Ranking Minority Member; Appleton, Gregerson and Pellicciotti.

Minority Report: Do not pass. Signed by 2 members: Representatives Koster, Ranking Minority Member; Irwin.

Minority Report: Without recommendation. Signed by 1 member: Representative Kraft.

Staff: Megan Palchak (786-7105).

Background:

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.

The Office of Financial Management (OFM) provides technical assistance to the Governor and Legislature to identify needs and plans to meet needs through state programs and expenditures. As part of its duties, the OFM prepares fiscal impact statements regarding ballot measures and fiscal notes regarding legislative bills.

Fiscal impact statements must describe projected increases or decreases in revenues, costs, expenditures, or indebtedness experienced by state or local governments if ballot measures are approved by voters. The OFM must file statements with the Secretary of State (SOS) no later than the tenth day of August. The SOS must include statements in voters' pamphlets and post statements on its website. The OFM may post additional information regarding statements on its website.

Fiscal notes prepared by the OFM in coordination with relevant agencies describe expected impacts of legislative bills and resolutions on state agencies and state budgets. Fiscal notes indicate, by fiscal year, the financial impact for the remainder of the biennium in which the bill or resolution takes effect, and the cumulative forecast for the succeeding four fiscal years. Legislators may request a fiscal note regarding any legislative proposal, and copies must be filed with appropriate legislative committees.

Summary of Substitute Bill:

The Office of Financial Management (OFM) is required to prepare additional fiscal estimates regarding ballot measures and legislative bills.

The OFM must prepare and submit revenue equity statements regarding state ballot measures, and file statements with the Secretary of State (SOS) by the last business day in July for ballot measures to the people, and no later than the first day of the legislative session for an initiative to the Legislature. The SOS must include revenue equity statements in voters' pamphlets and on its website. The OFM may post additional information on its website.

The Director of the OFM must establish a procedure to provide tax rate equity statements for legislative bills in consultation with the Legislature, Department of Revenue, and other agencies.

Both revenue equity statements and tax rate equity statements must include a summary of the respective ballot measure or bill, not to exceed two hundred words, and a detailed disclosure of assumptions regarding estimates and limitations on the availability of data for a comprehensive analysis. The statements must describe projected increases or decreases in the "average effective tax rate" imposed directly or indirectly on Washington residents in excess of 0.05 percent of family income for any family income quintile. The statements must include estimates of the average effective tax rate expressed as a percentage of household income, by specified percentiles (top fifteenth, fourth, first, and 0.1) for the first six fiscal years following enactment of the measure or bill. "Effective tax rate" includes fees that apply broadly to the majority of Washington residents as well as taxes.

The OFM's deadline to file fiscal impact statements with the SOS is changed from August 10 to the last business day in July, consistent with the deadline for revenue equity statements for ballot measures to the people.

Substitute Bill Compared to Original Bill:

The substitute bill changes revenue equity statement and fiscal impact statement dates from August 10 to the last business day in July.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

(Other) The SOS worked with the OFM to make the deadlines work.

Persons Testifying: David Elliot, Office of the Secretary of State.

Persons Signed In To Testify But Not Testifying: None.