

SENATE BILL REPORT

SB 5636

As Reported by Senate Committee On:
Ways & Means, January 23, 2020

Title: An act relating to fiscal notes.

Brief Description: Concerning fiscal notes.

Sponsors: Senators Brown, Becker, Warnick and Palumbo.

Brief History:

Committee Activity: Ways & Means: 2/05/19, 2/25/19 [DP, w/oRec]; 1/23/20 [DPS].

Brief Summary of First Substitute Bill

- Allows members of the fiscal committees of the Legislature to request dynamic fiscal impact statements or dynamic fiscal analysis in fiscal notes for certain legislation.
- Establishes a workgroup to explore establishing a nonpartisan agency to provide fiscal analysis for the Legislature and to study the accuracy and reliability of fiscal notes.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5636 be substituted therefor, and the substitute bill do pass.

Signed by Senators Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Muzzall, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Sarian Scott (786-7729)

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

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.

Management (OFM). Estimates of fiscal impacts are calculated under instructions issued by OFM.

Summary of Bill (First Substitute): Upon the request of a member of the fiscal committees of the Legislature, 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 the beginning of a legislative session, and the dynamic fiscal impact statement is prepared only if the bill reflects a positive or negative revenue impact greater than \$10 million per fiscal year. This portion of the act expires on July 1, 2025.

Beginning January 1, 2021, a member of the fiscal committees of the Legislature may request for legislation projected to result in a \$5 million or more increase or decrease in state spending dealing with corrections, child welfare, and mental health issues. The fiscal note must also include an estimate of any reduction or increase to other state or local program spending and any return on investment resulting from the legislation. This portion of the act expires on July 1, 2025.

The OFM director and the director of the Washington State Institute for Public Policy (WSIPP) must convene a work group to explore establishing a nonpartisan agency to provide objective, impartial fiscal analysis for the Legislature, including whether WSIPP, the Legislative Evaluation and Accountability Program (LEAP), or a new bipartisan agency should assume this function. WSIPP must provide staff support to the work group.

The work group must study the accuracy and reliability of fiscal notes by comparing the projected cost contained in a sample of fiscal notes of enacted legislation against actual cost.

The work group is comprised of at least the following members:

- one member from each of the two largest caucuses of the House and Senate;
- one representative from the LEAP;
- one representative from the Office of the State Treasurer;
- one representative from the Caseload Forecast Council; and
- one representative from the Economic Revenue Forecast Council.

The work group must convene by August 1, 2020, and report its findings and recommendations to the Governor and appropriate committees of the Legislature by December 1, 2021. This portion of the bill expires July 1, 2022.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute): Dates are adjusted forward by one year throughout.

Appropriation: The bill contains a section or sections to limit implementation to the availability of amounts appropriated for that specific purpose.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony (Regular Session 2019): PRO: How much money would you save, if you did not do a policy over a number of years? I have been advocating for a sales tax holiday for back to school items one weekend out of the year. Nineteen other states do this. The state of Ohio just conducted a study and showed year over year a 5 percent increase in spending.

We are looking for ways where we can get better information. In our view, if we had enough refined data you might conclude we cannot afford not to do this.

Persons Testifying: PRO: Seth Dawson, Washington Association for Substance Abuse and Violence Prevention and Washington Association for Children & Families; Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: No one.