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**SENATE BILL 6376**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Senators Frockt, Mullet, Rolfes, and Honeyford

1 AN ACT Relating to forecasting state debt capacity; amending RCW  
2 82.33.010; reenacting and amending RCW 82.33.020; adding a new  
3 section to chapter 82.33 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the forecast of  
6 the state debt capacity of debt subject to the limit established in  
7 Article VIII, section 1 of the state Constitution is a foundational  
8 element of the capital budget. The legislature further finds that  
9 calculating the state's debt limit for the fiscal year is a duty  
10 assigned to the state treasurer in Article VIII, section 1 of the  
11 state Constitution, but the task of forecasting the state's debt  
12 capacity for future fiscal years is not constitutionally or  
13 statutorily assigned to any office, agency, branch, or board. The  
14 legislature further finds that the forecast of state debt capacity is  
15 currently developed through an informal and collaborative process of  
16 the executive and legislative branches. The legislature finds that  
17 the current process is adequate, but lacks transparency and could  
18 benefit from additional analytical rigor from professional economists  
19 and the use of consistent assumptions and methodology. Therefore, the  
20 legislature intends to improve the capital budget process by adding  
21 the preparation and adoption of state capital budget debt capacity

1 forecasting to the duties of the nonpartisan economic and revenue  
2 forecast council, an independent agency that is not part of the  
3 executive or legislative branches.

4 **Sec. 2.** RCW 82.33.010 and 2012 1st sp.s. c 8 s 2 are each  
5 amended to read as follows:

6 (1) The economic and revenue forecast council is hereby created.  
7 The council shall consist of two individuals appointed by the  
8 governor, the state treasurer, and four individuals, one of whom is  
9 appointed by the chairperson of each of the two largest political  
10 caucuses in the senate and house of representatives. The chair of the  
11 council shall be selected from among the four caucus appointees. The  
12 council may select such other officers as the members deem necessary.

13 (2) The council shall employ an economic and revenue forecast  
14 supervisor to supervise the preparation of all economic and revenue  
15 forecasts (~~and~~), the presentation of state budget outlooks, and the  
16 presentation of state capital debt capacity forecasts. As used in  
17 this chapter, "supervisor" means the economic and revenue forecast  
18 supervisor. Approval by an affirmative vote of at least five members  
19 of the council is required for any decisions regarding employment of  
20 the supervisor. Employment of the supervisor shall terminate after  
21 each term of three years. At the end of the first year of each three-  
22 year term the council shall consider extension of the supervisor's  
23 term by one year. The council may fix the compensation of the  
24 supervisor. The supervisor shall employ staff sufficient to  
25 accomplish the purposes of this section.

26 (3) The economic and revenue forecast council shall oversee the  
27 preparation of and approve, by an affirmative vote of at least five  
28 members, the official, optimistic, and pessimistic state economic and  
29 revenue forecasts prepared under RCW 82.33.020. If the council is  
30 unable to approve a forecast before a date required in RCW 82.33.020,  
31 the supervisor shall submit the forecast without approval and the  
32 forecast shall have the same effect as if approved by the council.

33 (4) The economic and revenue forecast council shall oversee the  
34 preparation of and approve, by an affirmative vote of at least five  
35 members, the state budget outlook prepared under RCW 82.33.060. If  
36 the council is unable to approve a state budget outlook before a date  
37 required in RCW 82.33.060, the supervisor shall submit the outlook  
38 prepared under RCW 82.33.060 without approval and the outlook shall  
39 have the same effect as if approved by the council.

1       (5) The economic and revenue forecast council shall oversee the  
2 preparation of and approve, by an affirmative vote of at least five  
3 members, the state capital budget debt capacity forecast prepared  
4 under section 4 of this act. If the council is unable to approve the  
5 state capital budget debt capacity forecast before a date required in  
6 section 4 of this act, the supervisor shall submit the forecast  
7 prepared under section 4 of this act without approval and the  
8 forecast shall have the same effect as if approved by the council.

9       (6) A councilmember who does not cast an affirmative vote for  
10 approval of the official economic and revenue forecast ~~((~~or~~))~~, the  
11 state budget outlook, or the state capital budget debt capacity  
12 forecast may request, and the supervisor shall provide, an  
13 alternative economic and revenue forecast ~~((~~or~~))~~, state budget  
14 outlook, or state capital budget debt capacity forecast based on  
15 assumptions specified by the member including, for purposes of the  
16 state budget outlook or state capital budget debt capacity forecast,  
17 revenues to and expenditures from additional funds.

18       ~~((~~6~~))~~ (7) Members of the economic and revenue forecast council  
19 shall serve without additional compensation but shall be reimbursed  
20 for travel expenses in accordance with RCW 44.04.120 while attending  
21 sessions of the council or on official business authorized by the  
22 council. Nonlegislative members of the council shall be reimbursed  
23 for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

24       **Sec. 3.** RCW 82.33.020 and 2015 c 3 s 14 are each reenacted and  
25 amended to read as follows:

26       (1) Four times each year the supervisor must prepare, subject to  
27 the approval of the economic and revenue forecast council under RCW  
28 82.33.010:

29       (a) An official state economic and revenue forecast;

30       (b) An unofficial state economic and revenue forecast based on  
31 optimistic economic and revenue projections; ~~((and))~~

32       (c) An unofficial state economic and revenue forecast based on  
33 pessimistic economic and revenue projections; and

34       (d) An official state capital budget debt capacity forecast.

35       (2) The supervisor must submit forecasts prepared under this  
36 section, along with any unofficial forecasts provided under RCW  
37 82.33.010, to the governor and the members of the committees on ways  
38 and means and the chairs of the committees on transportation of the  
39 senate and house of representatives, including one copy to the staff

1 of each of the committees, on or before November 20th, February 20th  
2 in the even-numbered years, March 20th in the odd-numbered years,  
3 June 27th, and September 27th. In fiscal year 2015, the March 20th  
4 forecast shall be submitted on or before February 20, 2015. All  
5 forecasts must include both estimated receipts and estimated revenues  
6 in conformance with generally accepted accounting principles as  
7 provided by RCW 43.88.037. In odd-numbered years, the period covered  
8 by forecasts for the state general fund and related funds must cover  
9 the current fiscal biennium and the next ensuing fiscal biennium. In  
10 even-numbered years, the period covered by the forecasts for the  
11 state general fund and related funds shall be current fiscal and the  
12 next two ensuing fiscal biennia. The state capital budget debt  
13 capacity forecast is limited to debt subject to the limit provided in  
14 Article VIII, section 1 of the state Constitution and the period  
15 covered by the forecast shall be the current biennium and the next  
16 three ensuing fiscal biennia.

17 (3) All agencies of state government must provide to the  
18 supervisor immediate access to all information relating to economic  
19 and revenue forecasts and the state capital budget debt capacity  
20 forecast. Revenue collection information must be available to the  
21 supervisor the first business day following the conclusion of each  
22 collection period.

23 (4) The economic and revenue forecast supervisor and staff must  
24 collocate and share information, data, and files with the tax research  
25 section of the department of revenue but may not duplicate the duties  
26 and functions of one another.

27 (5) As part of its forecasts under subsection (1) (a) through (c)  
28 of this section, the supervisor must provide estimated revenue from  
29 tuition fees as defined in RCW 28B.15.020.

30 (6) The economic and revenue forecast council must, in  
31 consultation with the economic and revenue forecast work group  
32 created in RCW 82.33.040, review the existing economic and revenue  
33 forecast council revenue model, data, and methodologies and in light  
34 of recent economic changes, engage outside experts if necessary, and  
35 recommend changes to the economic and revenue forecast council  
36 revenue forecasting process to increase confidence and promote  
37 accuracy in the revenue forecast. The recommendations are due by  
38 September 30, 2012, and every five years thereafter.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 82.33  
2    RCW to read as follows:

3        (1) The state capital budget debt capacity forecast work group is  
4    created and shall consist of one staff member selected by the  
5    executive head or chairperson of each of the following agencies or  
6    committees:

- 7        (a) Office of financial management;
- 8        (b) Office of the state treasurer;
- 9        (c) Economic and revenue forecast council;
- 10       (d) Ways and means committee of the senate; and
- 11       (e) Capital budget committee of the house of representatives.

12       (2) The purpose of the state capital budget debt capacity  
13    forecast work group is to develop and review the assumptions and  
14    methodology used by the supervisor to prepare the state capital  
15    budget debt capacity forecast and provide any other technical support  
16    to the supervisor and the economic and revenue forecast council.

17       (3) Except as provided in subsection (5) of this section, the  
18    state capital budget debt capacity forecast must use the following  
19    assumptions:

20       (a) Interest rates from the most recent official state economic  
21    and revenue forecast, consistent with the bond buyer index;

22       (b) General state revenues from the most recent official state  
23    economic and revenue forecast and for fiscal periods beyond the  
24    economic and revenue forecast two percent growth in property tax  
25    revenues and four and one-half percent growth in all other general  
26    state revenues;

27       (c) Eight percent biennial growth in appropriations from bond  
28    proceeds in future biennia; and

29       (d) A spending rate for new appropriations at fifteen percent of  
30    the total amount appropriated in the first fiscal year, thirty-five  
31    percent in the second and third fiscal year, and fifteen percent in  
32    the fourth fiscal year.

33       (4) Using a consensus approach, the group may develop additional  
34    assumptions for the state capital budget debt capacity forecast to  
35    supplement those provided in subsection (3) of this section. Any  
36    issue of the work group may be put to a vote by the council in the  
37    event that consensus cannot be reached.

38       (5) The economic and revenue forecast council may, by an  
39    affirmative vote of at least six members, revise the assumptions

1 provided in subsection (3) of this section to be used for subsequent  
2 state capital budget debt capacity forecasts.

3 (6) The state capital budget debt capacity forecast work group  
4 must clearly state the assumptions and methodology used in  
5 calculating the state capital budget debt capacity forecast. The  
6 economic and revenue forecast council must publish its assumptions  
7 and methodology on the economic and revenue forecast council's web  
8 site.

9 (7) Meetings of the state capital budget debt capacity forecast  
10 work group may be called by the supervisor or any member of the group  
11 for the purpose of preparing and reviewing the state capital budget  
12 debt capacity forecast or for any other purpose which may assist the  
13 economic and revenue forecast council.

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