

SENATE BILL REPORT

ESHB 1838

As Passed Senate - Amended, April 10, 2023

Title: An act relating to transferring the responsibilities for the transportation revenue forecast for the transportation budget to the economic and revenue forecast council.

Brief Description: Transferring the responsibilities for the transportation revenue forecast for the transportation budget to the economic and revenue forecast council.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Barkis, Berg and Ortiz-Self).

Brief History: Passed House: 3/8/23, 97-0.

Committee Activity: Transportation: 3/20/23, 3/23/23 [DPA-WM].

Ways & Means: 3/31/23, 4/03/23 [DPA, w/oRec].

Floor Activity: Passed Senate - Amended: 4/10/23, 48-0.

Brief Summary of Bill (As Amended by Senate)

- Increases the legislative membership of the Economic and Revenue Forecast Council.
- Creates a Transportation Revenue Forecast Council (TRFC).
- Requires the TRFC to prepare six-year transportation revenue forecasts.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King, Ranking Member; Holy, Assistant Ranking Member; Cleveland, Fortunato, Hawkins, Kauffman, Lovelett, MacEwen, Nobles, Padden, Randall, Valdez, Wilson, C. and Wilson, J..

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

Staff: Bryon Moore (786-7726)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler, Ranking Member, Capital.

Staff: Amanda Cecil (786-7460)

Background: The Economic and Revenue Forecast Council (ERFC) consists of the State Treasurer, four legislators representing the two largest political caucuses of the Senate and House of Representatives, and two individuals appointed by the Governor. The Chair of the ERFC is selected from among the four caucus appointees.

The ERFC director prepares, on a quarterly basis, state economic and revenue forecasts for the omnibus operating budget subject to the approval of the ERFC. To facilitate compliance with the four-year balanced budget requirement, the ERFC must approve budget outlooks of the proposed Governor's budget and the enacted budget. A councilmember who does not cast an affirmative vote for approval of the official economic and revenue forecast or state budget outlook may request an alternative forecast or outlook based on assumptions specified by the councilmember.

The ERFC director must share information, data, and files with the Department of Revenue (DOR). The ERFC Workgroup receives revenue collection information the first business day following the conclusion of the collection period. The members of the ERFC Workgroup include one staff member appointed by the executive or chairperson of DOR, the Office of Financial Management (OFM), the Legislative Evaluation and Accountability Program Committee, and the Ways and Means committees of the Senate and House of Representatives (House).

The Transportation Revenue Forecast Council consists of staff who forecast transportation revenues collected by the Washington State Department of Transportation (WSDOT), the Department of Licensing (DOL), OFM, DOR, and the Washington State Patrol. The transportation revenue forecast is prepared quarterly on the same schedule as the ERFC forecast and uses the economic forecast approved by the ERFC. The transportation revenue forecast is for a ten-year period. House and Senate Transportation committee staff are

included in the process for legislative input and to ensure access to the forecast information.

Summary of Amended Bill:

The legislative appointees on the ERFC for consideration and approval of the economic and revenue forecast for the omnibus operating budget and the Budget Outlooks are increased from four to eight. The number of votes needed to to approve an economic and revenue forecasts, Budget Outlook, and the appointment of the ERFC director is increased from five to seven.

Beginning with the September 2024 forecast, the newly created Transportation Revenue Forecast Council (TRFC) will adopt quarterly transportation revenue forecasts for transportation related funds. Transportation revenue forecasts must include projections for the current fiscal biennium and the next two ensuing fiscal biennia. Membership on the Transportation Revenue Forecast Council consists of the following members:

- the Director of OFM;
- the Director of DOL;
- the State Treasurer;
- the Chair and Ranking Member of the House Transportation Committee; and
- the Chair and Ranking Member of the Senate Transportation Committee.

The chair of the TRFC is selected from among the four legislators. The TRFC must oversee the preparation of and approve, by an affirmative vote of at least five members, the official, optimistic, and pessimistic transportation economic and revenue forecasts. The TRFC must work with the ERFC director to supervise the preparation of all transportation revenue forecasts. If the TRFC is unable to approve a quarterly forecast, the ERFC director must submit the forecast without approval and the forecast shall have the same effect as if approved by the council.

A TRFC councilmember who does not cast an affirmative vote for approval of the official transportation revenue forecast may request an alternative revenue forecast based on assumptions specified by the member. The ERFC director may also prepare unofficial transportation projections as deemed warranted by the supervisor, which may include optimistic and pessimistic assumptions.

Staff of the House and Senate Transportation Committees, WSDOT, and DOL are added to the technical Workgroup for purposes of the transportation revenue forecast.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Engrossed Substitute House Bill (Transportation): *The committee recommended a different version of the bill than what was heard.* PRO: The problem we are trying to solve is WSDOT has had difficulty filling key forecasting positions, including the lead forecaster with no luck. The transfer of the transportation forecasting responsibilities to the Economic and Revenue Forecast Council (ERFC) will improve the situation and tap into the expertise of the ERFC in the process. The transfer will also allow for greater coordination and consistency in the forecasts. This will also improve transparency and allow for greater legislative involvement.

Persons Testifying (Transportation): PRO: Representative Jake Fey, Prime Sponsor; K.D. Chapman-See, Office of Financial Management; Erik Hansen, Office of Financial Management.

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

Staff Summary of Public Testimony on Bill as Amended by Transportation (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.