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HOUSE BILL 2151

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State of Washington

66th Legislature

2019 Regular Session

By Representatives Stokesbary, MacEwen, Volz, Hoff, Kraft, Schmick,  
and Vick

Read first time 03/21/19. Referred to Committee on Appropriations.

1 AN ACT Relating to fiscal notes; amending RCW 43.88A.010; adding  
2 a new section to chapter 43.88A RCW; creating a new section; and  
3 providing expiration dates.

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

5 **Sec. 1.** RCW 43.88A.010 and 1977 ex.s. c 25 s 1 are each amended  
6 to read as follows:

7 The legislature hereby recognizes the necessity of developing a  
8 uniform and coordinated procedure for determining the expected fiscal  
9 impact of bills and resolutions on state government. The legislature  
10 also recognizes that developing (~~((such))~~) these statements of fiscal  
11 impact, (~~((which shall be known as fiscal notes,))~~) requires the  
12 designation of a state agency to be principally responsible  
13 (~~((therefor))~~) for the statements. The statements are to be generally  
14 known as fiscal notes and dynamic fiscal impact statements. Dynamic  
15 fiscal impact statements may be included in certain fiscal notes in  
16 accordance with section 2 of this act.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.88A  
18 RCW to read as follows:

19 (1)(a) For purposes of this chapter, a dynamic fiscal impact  
20 statement is: (i) A written statement that includes a dynamic impact

1 estimate of the legislation or proposed legislation; and (ii)  
2 contained only in the narrative explanation of the fiscal note and  
3 not reflected in the fiscal impact calculation required by RCW  
4 43.88A.020.

5 (b) A dynamic fiscal impact statement must include information on  
6 the assumptions that were used in computing the dynamic impact  
7 estimate. The dynamic impact estimate should, at a minimum, be based  
8 on assumptions of the probable behavioral response of persons  
9 directly impacted by the legislation or proposed legislation.

10 (2) By July 1, 2020, the office of financial management must, in  
11 consultation with the economic and revenue forecast council,  
12 establish the process and methodology for dynamic fiscal impact  
13 statements and dynamic impact estimates.

14 (3) Dynamic fiscal impact statements may be produced only on  
15 request from a member of the senate ways and means committee, house  
16 of representatives appropriations committee, house of representatives  
17 finance committee, or any successor committee to these committees.

18 (4) Dynamic fiscal impact statements may not be made unless: (a)  
19 The fiscal note in which it would be contained reflects a positive or  
20 negative revenue impact of more than ten million dollars per fiscal  
21 year; or (b) the proposed or draft legislation is a broad-based  
22 business or labor regulation reasonably likely to exceed ten million  
23 dollars per year in impact on business.

24 (5) Requests for dynamic fiscal impact statements on existing or  
25 draft legislation must be submitted to the office of financial  
26 management at least sixty days before the beginning of a regular  
27 legislative session.

28 (6) Dynamic fiscal impact statements may not be updated when a  
29 bill or resolution is substantively amended during a legislative  
30 session. If the office of financial management determines that a  
31 substantive amendment to a bill or resolution would likely affect the  
32 dynamic impact estimate for that bill or resolution, the dynamic  
33 fiscal impact statement must be removed from any fiscal note that  
34 reflects the amendment.

35 (7) This section does not limit the provisions of chapter 43.132  
36 RCW.

37 (8) For purposes of this chapter, "dynamic impact estimate" means  
38 an estimate of the net fiscal impact of a bill, resolution, or  
39 proposed legislation that takes into account behavioral changes of  
40 persons directly impacted by the legislation or proposed legislation

1 and the effect that those behavioral changes may have on the economy  
2 as a whole. Dynamic impact estimates may take into consideration  
3 factors such as the effects of the legislation or proposed  
4 legislation on persons to save, spend, invest, and expand or reduce  
5 their business activities in this state.

6 (9) This section expires June 30, 2025.

7 NEW SECTION. **Sec. 3.** (1)(a) The legislature recognizes the  
8 increasing importance of having complete information to establish and  
9 enforce budgetary priorities, coordinate actions on spending and  
10 revenue legislation, and develop budgetary and economic information  
11 independently of the executive branch.

12 (b) The legislature finds it is important for the legislature to  
13 have the best available information about the longer-term and  
14 holistic impact of budget decisions, particularly in light of the  
15 four-year balanced budget requirement.

16 (2)(a) The director of the house of representatives office of  
17 program research and the director of senate committee services shall  
18 convene a work group to explore ways to improve and expand  
19 nonpartisan fiscal and program information available to the  
20 legislature. The directors are the cochairs of the work group.

21 (b) The work group shall conduct a study of the accuracy and  
22 reliability of fiscal notes by examining a sample of fiscal notes on  
23 enacted legislation to compare the projected cost of the legislation  
24 with the actual costs incurred in the legislation's implementation.

25 (c) The work group shall also inventory nonpartisan program and  
26 fiscal information made available to the public by the legislative  
27 branch including, but not limited to, information posted at  
28 [fiscal.wa.gov](http://fiscal.wa.gov), the web site for the legislative evaluation and  
29 accountability program, web sites for the house of representatives  
30 and senate, the web site of the joint legislative audit and review  
31 committee, and the web site for the Washington state institute for  
32 public policy. The inventory should also include materials on the web  
33 sites of the caseload forecast council and the economic and revenue  
34 forecast council. The work group must also inventory the use of  
35 dynamic spending and revenue estimates in other states, including  
36 their use in fiscal notes.

37 (d) The work group shall also recommend methods to:

38 (i) Improve the accuracy and timeliness of cost and revenue  
39 estimates for proposed legislation;

1 (ii) Improve the long-term budget projections for proposed and  
2 enacted budgets;

3 (iii) Improve and expand the regular reporting and analysis of  
4 state spending and revenue totals; and

5 (iv) To the extent practicable, include dynamic fiscal estimates  
6 in both revenue and expenditure estimates.

7 (e) As part of its work, the work group must analyze whether a  
8 new nonpartisan legislative fiscal agency should be created. In  
9 conducting the analysis, the work group must, at a minimum, examine  
10 models in other states including, but not limited to, the California  
11 legislative analyst's office. If the work group recommends the  
12 establishment of a new legislative agency, the recommendations must  
13 outline the responsibilities of the new nonpartisan legislative  
14 fiscal agency and whether any existing functions or entities should  
15 be transferred to or subsumed in the newly created nonpartisan  
16 legislative fiscal agency.

17 (f) In addition to the two cochairs, the work group is comprised  
18 of at least the following members:

19 (i) One member from each of the two largest caucuses of the  
20 senate chosen by the president of the senate;

21 (ii) One member from each of the two largest caucuses of the  
22 house of representatives chosen by the speaker of the house of  
23 representatives;

24 (iii) One representative from the legislative evaluation and  
25 accountability program committee;

26 (iv) One representative from the Washington state institute for  
27 public policy; and

28 (v) One representative from the office of financial management.

29 (g) The first meeting of the work group must occur no later than  
30 August 1, 2019.

31 (h) The work group shall report its findings and recommendations  
32 to the governor and the appropriate committees of the legislature no  
33 later than December 1, 2020.

34 (3) This section expires December 31, 2020.

35 NEW SECTION. **Sec. 4.** Section 1 of this act expires June 30,  
36 2025.

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