

HOUSE BILL REPORT

HB 1855

As Reported By House Committee On:

Government Operations

Title: An act relating to regulatory impact notes.

Brief Description: Providing a uniform procedure for determining the regulatory impact of bills and resolutions on businesses.

Sponsors: Representatives Grant, Mielke, Morris, Mastin, Radcliff, Casada, Kessler, Kremen and Basich.

Brief History:

Committee Activity:

Government Operations: 3/1/95 [DP].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass. Signed by 11 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Scott, Assistant Ranking Minority Member; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt; Van Luven and Wolfe.

Minority Report: Without recommendation. Signed by 4 members: Representatives Rust, Ranking Minority Member; Chopp; R. Fisher and Sommers.

Staff: Bonnie Austin (786-7135).

Background: In 1977, the Legislature established the fiscal note process. The Office of Financial Management (OFM) is responsible for providing fiscal notes detailing the expected fiscal impact of bills and resolutions which may increase or decrease state or local government revenues or expenditures. Fiscal notes indicate by fiscal year the impact for the remainder of the biennium, as well as a cumulative forecast of fiscal impact for the succeeding four fiscal years. Fiscal notes separately identify impacts on the operating and capital budgets. OFM is responsible for coordinating the development of fiscal notes with state agencies. The Department of Community, Trade, and Economic Development is responsible for preparing local fiscal notes.

Fiscal notes are provided to the committee to which the bill was originally referred, as well as to the fiscal committees of the House and Senate. Wherever possible, fiscal notes are to be provided prior to or at the time the bill is heard. Fiscal notes are to remain with the bill throughout the legislative process.

OFM is also required to prepare fiscal notes on proposed legislation if requested to do so by a legislator. These fiscal notes are delivered to the requesting legislator, as well as to the appropriate committees when the proposed legislation is introduced.

Summary of Bill: The Office of Financial Management (OFM) is directed to establish a regulatory impact note process in cooperation with the appropriate legislative committees and legislative staff. Regulatory impact notes will detail the expected impact of bills and resolutions that increase or decrease regulations on the operation of businesses subject to the state's business and occupation taxes. The note will be prepared based on a sample of regulated businesses, and will contain an estimate of the fiscal impact to the affected businesses for the biennium, as well as a cumulative forecast for the succeeding two fiscal years.

Regulatory impact notes must be provided to the committee to which the bill was originally referred, as well as to the fiscal committees of the House and Senate. Wherever possible, regulatory impact notes are to be provided prior to or at the time the bill is heard. Regulatory impact notes are to remain with the bill throughout the legislative process.

OFM is required to prepare regulatory impact notes on proposed legislation if requested to do so by a legislator. These notes must be delivered to the requesting legislator, as well as to the appropriate committees when the proposed legislation is introduced.

Appropriation: None.

Fiscal Note: Requested on February 23, 1995.

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

Testimony For: It is impossible for businesses to discern the regulatory fiscal impact of all of the bills that are considered during the legislative session. We often do not know whether an agency will adopt rules to implement the legislation. We need this so that we will know prior to passage how a bill will impact us. Legislators also need this information to make well-informed decisions. The information provided through this process will be more accurate and well researched than what we can provide.

Testimony Against: This will create a situation where economics will drive decisions, because health, public safety, and environmental benefits or losses cannot always be quantified.

Testified: Duke Schaub, Associated General Contractors; Tony Meinhardt, Independent Business Association; Scott Merriman, Washington Environmental Council; and Enid Layes, Washington State Horticultural Association.