

HOUSE BILL REPORT

HB 2758

As Reported By House Committee On:

Appropriations

Title: An act relating to the measurement of state fiscal conditions and economic performance.

Brief Description: Measuring state fiscal conditions.

Sponsors: Representatives Huff, Cooke and Silver.

Brief History:

Committee Activity:

Appropriations: 1/22/96, 1/30/96 [DPS].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 31 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; Dyer; Foreman; Grant; Hargrove; Hickel; Jacobsen; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Silver; Talcott and Wolfe.

Staff: Elissa Benson (786-7191).

Background: Under RCW 82.33, the Economic and Revenue Forecast Council provides the official state economic and revenue forecast four times per year. The six-member council consists of four legislators and two appointees of the Governor. The legislators are selected by the chairs of the party caucuses in the Senate and the House of Representatives. Currently, the Governor's appointees are the directors of the Office of Financial Management and the Department of Revenue.

The Economic and Revenue Forecast Council employs a forecast supervisor and staff for the preparation of the forecasts. The forecasts are subject to approval by the members of the council. The council staff monitors daily changes in the economic outlook throughout the year and advises the council on anticipated shifts in tax collections. The official forecasts are submitted to the Governor, the fiscal

committees of the House of Representatives and Senate, and the Legislative Transportation Committee on a regular basis.

Summary of Substitute Bill: The Economic Climate Council is established. The Economic Climate Council is to select no more than 10 benchmarks that characterize the competitive environment of the state. The bill provides general criteria for the selection of benchmarks, including the availability of comparative data from other states, the timeliness of obtaining benchmark data, and the accuracy and validity of the benchmarks as indicators of the economic climate.

The Economic Climate Council is to report to the Legislature on the selected benchmarks by September 30, 1996. The council will also prepare an official state economic climate report twice per year on the status of the benchmarks and noting any changes since the previous report. Submission of the report to the Governor and fiscal committees of the Legislature shall be on or before March 31 and September 30 every year. The first report will be submitted by September 30, 1996.

The Economic and Revenue Forecast Council will temporarily act as the Economic Climate Council until July 1, 1997. In that role, the Economic and Revenue Forecast Council will make a recommendation to the Legislature by September 30, 1996, regarding the permanent structure, composition, and staffing of the Economic Climate Council. The Economic and Revenue Forecast Council will create an advisory committee to assist the Economic Climate Council in selecting benchmarks and developing reports. The advisory committee is to provide a process to ensure public participation in the selection of the benchmarks.

Substitute Bill Compared to the Original Bill: The original bill included a criterion for the selection of the benchmarks based on the ability to forecast changes in the benchmarks based on proposed legislative actions. The substitute bill eliminates the forecast criterion. The substitute bill includes a criterion based on the accuracy and validity of the benchmarks as indicators of the economic climate.

The original bill sets out that the staff of the Economic and Revenue Forecast Council shall serve as staff to the Economic Climate Council, along with support of the fiscal committee staffs of the Legislature. In the substitute bill, the reference to the support of the fiscal legislative staff is eliminated.

The original bill does not mention a process for public participation.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The Washington Roundtable supports the establishment of the Economic Climate Council and the selection of benchmarks to measure the state's competitiveness.

Testimony Against: None.

Testified: Phil Bussey, Washington Roundtable.