

HOUSE BILL REPORT

SSB 6618

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: Senate Committee on Ways & Means (originally sponsored by Senators Snyder, McDonald, Rinehart and West).

Brief History:

Committee Activity:

Appropriations: 2/20/96, 2/24/96 [DPA].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 24 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Brumsickle; Carlson; Cooke; Crouse; Dyer; Foreman; Grant; Hickel; Kessler; Lambert; Linville; McMorris; Reams; Rust; Sehlin; Sheahan; Silver; Smith; Talcott and Wolfe.

Minority Report: Without recommendation. Signed by 2 members: Representatives Valle, Assistant Ranking Minority Member; and Poulsen.

Staff: Elissa Benson (786-7191).

Background: Agencies and programs have been created across state government for the purpose of ensuring a high quality of life and economic prosperity for the citizens of the state. The emergence of a global economy requires the state of Washington to compete economically with other states and other countries.

Various organizations compile comparisons between states and nations on the basis of hundreds of competitive criteria. However, state government policymakers do not have a concise, consistent, and agreed-upon set of benchmarks to measure changes in Washington State's competitive standing relative to other states or countries.

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 the 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 Amended 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 a 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 measures of the economic climate.

The Economic Climate Council is to report to the Governor and the fiscal committees of the Legislature on the selected benchmarks by September 30, 1996. The council will also prepare an official state economic climate report describing any changes in the benchmarks periodically. 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 Governor and the fiscal committees of 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, developing reports, and providing for public participation in the selection process.

Amended Bill Compared to Substitute Bill: The original bill set 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.

The substitute bill establishes periodic reporting instead of semi-annual reporting. Submission of Economic Climate Council reports is limited to the Governor and fiscal committees.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill will provide leaders valuable information to assist in directing policy that will keep Washington State economically competitive in the face of increasing national and global competition.

Testimony Against: None.

Testified: Senator Sid Snyder, prime sponsor; and Greg Pierce, Washington Roundtable.