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SENATE BILL 5667

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State of Washington

64th Legislature

2015 Regular Session

By Senators Hargrove, Miloscia, Hasegawa, Litzow, Rolfes, Billig, Keiser, Nelson, Frockt, Warnick, and Kohl-Welles

Read first time 01/28/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to the fiscal impacts of bills and budgets;  
2 amending RCW 43.88A.020; creating a new section; and providing an  
3 expiration date.

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

5 **Sec. 1.** RCW 43.88A.020 and 2011 c 140 s 1 are each amended to  
6 read as follows:

7 (1)(a) The office of financial management shall, in cooperation  
8 with appropriate legislative committees and legislative staff,  
9 establish a procedure for the provision of fiscal notes on the  
10 expected impact of bills and resolutions which increase or decrease  
11 or tend to increase or decrease state government revenues or  
12 expenditures.

13 (b) No later than January 1, 2017, fiscal notes dealing with  
14 corrections, child welfare, and mental health issues shall include,  
15 in addition to the increases or decreases of state government revenue  
16 and expenditures, an estimate of the fiscal impact of expenditure  
17 reductions or increases on other state or local program expenditures  
18 as well as any return on investment as a result of the legislation.  
19 The office of financial management and the Washington state institute  
20 for public policy, in consultation with university-based research

1 institutions, shall work together to implement this subsection  
2 (1)(b).

3 (2) Such fiscal notes shall indicate by fiscal year the impact  
4 for the remainder of the biennium in which the bill or resolution  
5 will first take effect as well as a cumulative forecast of the fiscal  
6 impact for the succeeding four fiscal years.

7 (3) Fiscal notes shall separately identify the fiscal impacts on  
8 the operating and capital budgets. Estimates of fiscal impacts shall  
9 be calculated using the procedures contained in the fiscal note  
10 instructions issued by the office of financial management.

11 (4) In establishing the fiscal impact called for pursuant to this  
12 chapter, the office of financial management shall coordinate the  
13 development of fiscal notes with all state agencies affected.

14 (5) The preparation and dissemination of the ongoing cost  
15 projections and other requirements of RCW 43.135.031 for bills  
16 increasing taxes or fees shall take precedence over fiscal notes.

17 (6) For proposed legislation that uniquely affects school  
18 districts, in addition to any fiscal note prepared under this  
19 chapter, a school district fiscal note must be prepared under the  
20 process established in RCW 28A.300.0401.

21 NEW SECTION. **Sec. 2.** (1)(a) The legislature recognizes the  
22 increasing importance of having complete information to establish and  
23 enforce budgetary priorities, coordinate actions on spending and  
24 revenue legislation, and develop budgetary and economic information  
25 independently of the executive branch.

26 (b) The legislature finds it is critically important for the  
27 legislature to have more information about the longer-term and  
28 holistic impact of budget decisions, particularly in light of the  
29 four-year balanced budget requirement.

30 (c) The legislature intends to spend public resources in a manner  
31 that is transparent and accountable. To accomplish this goal, it  
32 needs appropriate fiscal information to make evidence-based  
33 investments.

34 (d) The legislature believes that to enhance its ability to make  
35 sound fiscal decisions, fiscal notes should include not only the  
36 expenditure and revenue data associated with legislation but also the  
37 impact of expenditure reductions or increases on other state and  
38 local programs, including the rate of return on any fiscal decision  
39 the legislature makes.

1 (2)(a) The director of the office of financial management and the  
2 director of the Washington state institute for public policy shall  
3 convene a work group to explore the establishment of a nonpartisan  
4 agency to conduct objective, impartial fiscal analysis on behalf of  
5 the legislature. The directors shall be the cochairs of the work  
6 group. Specifically, the work group is tasked with reviewing whether  
7 this agency should perform the following functions:

8 (i) Analyze the governor's proposed budgets;

9 (ii) Provide the legislature with long-term budget projections;

10 (iii) Provide cost estimates on proposed and introduced  
11 legislation;

12 (iv) Provide a monthly analysis of state spending and revenue  
13 totals;

14 (v) Provide frequent tabulations of legislative action affecting  
15 spending and revenues and whether this action is consistent with the  
16 spending and revenue levels set in the enacted budgets; and

17 (vi) Determine whether any existing agencies or functions can be  
18 transferred to or subsumed in the nonpartisan agency.

19 (b) The work group shall consider whether the Washington state  
20 institute for public policy should subsume the functions of impartial  
21 fiscal analysis on behalf of the legislature.

22 (c) The work group shall be comprised of at least the following  
23 members:

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

26 (ii) One member from each of the two largest caucuses of the  
27 house of representatives chosen by the speaker of the house of  
28 representatives;

29 (iii) One representative from the legislative evaluation and  
30 accountability program committee;

31 (iv) One representative from the office of the state treasurer;

32 (v) One representative of the caseload forecast council; and

33 (vi) One representative of the economic and revenue forecast  
34 council.

35 (d) The first meeting of the work group shall occur no later than  
36 August 1, 2015.

37 (e) The work group shall report its findings and recommendations  
38 to the governor and the appropriate committees of the legislature no  
39 later than December 1, 2016.

1 (f) This section expires June 30, 2017.

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