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**HOUSE BILL 2225**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Walsh, Van Werven, and Young

AN ACT Relating to the creation of the legislative budget office to provide fiscal notes on proposed legislation; amending RCW 2.56.120, 28A.300.0401, 29A.72.025, 43.41.110, 43.88A.020, 43.88A.030, 43.88A.040, 43.132.020, 43.132.030, 43.132.040, 43.132.050, and 43.132.810; reenacting and amending RCW 44.04.260; adding a new chapter to Title 44 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that Article II, section 1 of the state Constitution vests the legislative authority of the state of Washington in the legislature. Additionally, the legislature finds that a conflict of interest exists when the fiscal impact of proposed legislation is provided by an executive agency created under the office of the governor and the proposed legislation would restrict or limit the powers of the executive branch. Accordingly, the legislature finds that the analysis of any associated costs of proposed legislation rightfully belongs within a nonpartisan office of the legislative branch. Therefore, the legislature intends to create a nonpartisan legislative budget office to provide fiscal notes for proposed legislation and provide oversight of the legislative fiscal analysis performed by the executive branch.

NEW SECTION. **Sec.**  The legislative budget office is created as a nonpartisan agency within the legislative branch. The executive head of the office is the legislative budget director, who must be qualified by education and experience in the fields of finance and government.

NEW SECTION. **Sec.**  (1) The legislative budget director appointment committee is created. The committee consists of:

(a) The chair and ranking minority member of the house of representatives appropriations committee; and

(b) The chair and ranking minority member of the senate ways and means committee.

(2) The legislative budget director appointment committee is jointly chaired by the chair of the house of representatives appropriations committee and the chair of the senate ways and means committee.

(3) The legislative budget director appointment committee shall appoint or remove the legislative budget director by at least a three-fourths vote of the committee. When considering the appointment or removal of the legislative budget director, the appointment committee must consult with the chief clerk of the house of representatives, the secretary of the senate, and other interested parties.

(4) The legislative budget director appointment committee must be convened by the chairs of the house of representatives appropriations committee and the senate ways and means committee:

(a) Whenever the position of legislative budget director becomes vacant; or

(b) Upon the written request of any two members of the appointment committee.

NEW SECTION. **Sec.**  The legislative budget director has the authority to select and employ such research, technical, and clerical personnel and consultants as the director deems necessary, whose salaries are fixed by the director and approved by the legislative budget director appointment committee, and who are exempt from the provisions of the state civil service law, chapter 41.06 RCW.

NEW SECTION. **Sec.**  The legislative budget office has the power and duty to provide fiscal notes depicting the expected fiscal impact of proposed legislation in accordance with chapter 43.88A RCW.

**Sec.**  RCW 2.56.120 and 2005 c 282 s 8 are each amended to read as follows:

(1) The administrative office of the courts, in cooperation with appropriate legislative committees and legislative staff, shall establish a procedure for the provision of judicial impact notes on the effect legislative bills will have on the workload and administration of the courts of this state. The administrative office of the courts and the ((~~office of financial management~~)) legislative budget office shall coordinate the development of judicial impact notes with the preparation of fiscal notes under chapters 43.88A and 43.132 RCW.

(2) The administrative office of the courts shall provide a judicial impact note on any legislative proposal at the request of any legislator. The note shall be provided to the requesting legislator and copies filed with the appropriate legislative committees in accordance with subsection (3) of this section when the proposed legislation is introduced in either house.

(3) When a judicial impact note is prepared and approved by the administrative office of the courts, copies of the note shall be filed with:

(a) The chairperson of the committee to which the bill was referred upon introduction in the house of origin;

(b) The senate committee on ways and means;

(c) The house of representatives committee on ways and means;

(d) The senate judiciary committee;

(e) The house of representatives judiciary committee; and

(f) The ((~~office of financial management~~)) legislative budget office.

(4) This section shall not prevent either house of the legislature from acting on any bill before it as otherwise provided by the state Constitution, by law, and by the rules and joint rules of the senate and house of representatives, nor shall the lack of any judicial impact note as provided in this section or any error in the accuracy thereof affect the validity of any measure otherwise duly passed by the legislature.

**Sec.**  RCW 28A.300.0401 and 2011 c 140 s 3 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall, where it is practicable to do so within available resources, prepare school district fiscal notes on proposed legislation that increases or decreases, or tends to increase or decrease, school district revenues or expenditures in a manner that uniquely affects school districts. Proposed legislation that uniquely affects school districts includes, but is not limited to, legislation that affects school districts' responsibilities as providers of educational services under this title, as employers under chapter 41.59 RCW, or as excess levy taxing authorities under RCW 84.52.053 and 84.52.0531, but excludes proposed legislation that affects school districts only in the same manner that it affects other units of local government.

(2) Where practicable, the school district fiscal note shall show the fiscal impact of the proposed legislation on each school district. Where it is not practicable to do so, the school district fiscal note shall show the effect of the legislation on a range of representative school districts. The fiscal note must set forth any assumptions that were used in selecting the representative districts, along with any other assumptions made about the fiscal impact.

(3) School district fiscal notes prepared under this section are subject to coordination by the ((~~office of financial management~~)) legislative budget office under RCW 43.88A.020 and are otherwise subject to the requirements and procedures of chapter 43.88A RCW.

**Sec.**  RCW 29A.72.025 and 2009 c 415 s 7 are each amended to read as follows:

The ((~~office of financial management~~)) legislative budget office, in consultation with the secretary of state, the attorney general, and any other appropriate state or local agency, shall prepare a fiscal impact statement for each of the following state ballot measures: (1) An initiative to the people that is certified to the ballot; (2) an initiative to the legislature that will appear on the ballot; (3) an alternative measure appearing on the ballot that the legislature proposes to an initiative to the legislature; (4) a referendum bill referred to voters by the legislature; and (5) a referendum measure appearing on the ballot. Fiscal impact statements must be written in clear and concise language, avoid legal and technical terms when possible, and be filed with the secretary of state no later than the tenth day of August. Fiscal impact statements may include easily understood graphics.

A fiscal impact statement must describe any projected increase or decrease in revenues, costs, expenditures, or indebtedness that the state or local governments will experience if the ballot measure were approved by state voters. Where appropriate, a fiscal impact statement may include both estimated dollar amounts and a description placing the estimated dollar amounts into context. A fiscal impact statement must include both a summary of not to exceed one hundred words and a more detailed statement that includes the assumptions that were made to develop the fiscal impacts.

Fiscal impact statements must be available online from the secretary of state's web site and included in the state voters' pamphlet. Additional information may be posted on the web site of the ((~~office of financial management~~)) legislative budget office.

**Sec.**  RCW 43.41.110 and 2011 1st sp.s. c 43 s 510 are each amended to read as follows:

The office of financial management shall:

(1) Provide technical assistance to the governor and the legislature in identifying needs and in planning to meet those needs through state programs and a plan for expenditures.

(2) Perform the comprehensive planning functions and processes necessary or advisable for state program planning and development, preparation of the budget, inter-departmental and inter-governmental coordination and cooperation, and determination of state capital improvement requirements.

(3) Provide assistance and coordination to state agencies and departments in their preparation of plans and programs.

(4) Provide general coordination and review of plans in functional areas of state government as may be necessary for receipt of federal or state funds.

(5) Participate with other states or subdivisions thereof in interstate planning.

(6) Encourage educational and research programs that further planning and provide administrative and technical services therefor.

(7) Carry out the provisions of RCW 43.62.010 through 43.62.050 relating to the state census.

(8) Be the official state participant in the federal-state cooperative program for local population estimates and as such certify all city and county special censuses to be considered in the allocation of state and federal revenues.

(9) Be the official state center for processing and dissemination of federal decennial or quinquennial census data in cooperation with other state agencies.

(10) Be the official state agency certifying annexations, incorporations, or disincorporations to the United States bureau of the census.

(11) Review all United States bureau of the census population estimates used for federal revenue sharing purposes and provide a liaison for local governments with the United States bureau of the census in adjusting or correcting revenue sharing population estimates.

(12) ((~~Provide fiscal notes depicting the expected fiscal impact of proposed legislation in accordance with chapter 43.88A RCW.~~

~~(13)~~)) Be the official state agency to estimate and manage the cash flow of all public funds as provided in chapter 43.88 RCW. To this end, the office shall adopt such rules as are necessary to manage the cash flow of public funds.

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

The ((~~office of financial management~~)) legislative budget office shall, in cooperation with appropriate legislative committees and legislative staff, establish a procedure for the provision of fiscal notes on the expected impact of bills and resolutions which increase or decrease or tend to increase or decrease state government revenues or expenditures. Such fiscal notes shall indicate by fiscal year the impact for the remainder of the biennium in which the bill or resolution will first take effect as well as a cumulative forecast of the fiscal impact for the succeeding four fiscal years. Fiscal notes shall separately identify the fiscal impacts on the operating and capital budgets. Estimates of fiscal impacts shall be calculated using the procedures contained in the fiscal note instructions issued by the ((~~office of financial management~~)) legislative budget office.

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

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

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

**Sec.**  RCW 43.88A.030 and 2008 c 1 s 4 are each amended to read as follows:

When a fiscal note is prepared and approved as to form, accuracy, and completeness by the ((~~office of financial management~~)) legislative budget office, which depicts the expected fiscal impact of a bill or resolution, copies shall be filed immediately with:

(1) The chairperson of the committee to which the bill or resolution was referred upon introduction in the house of origin;

(2) The senate committee on ways and means, or its successor; and

(3) The house committees on revenue and appropriations, or their successors.

Whenever possible, such fiscal note and, in the case of a bill increasing taxes or fees, the cost projection and other information required under RCW 43.135.031 shall be provided prior to or at the time the bill or resolution is first heard by the committee of reference in the house of origin.

When a fiscal note has been prepared for a bill or resolution, a copy of the fiscal note shall be placed in the bill books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible. For bills increasing taxes or fees, the cost projection and other information required by RCW 43.135.031 shall be placed in the bill books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible.

**Sec.**  RCW 43.88A.040 and 1979 c 151 s 148 are each amended to read as follows:

The ((~~office of financial management~~)) legislative budget office shall also provide a fiscal note on any legislative proposal at the request of any legislator. Such fiscal note shall be returned to the requesting legislator, and copies shall be filed with the appropriate legislative committees pursuant to RCW 43.88A.030 at the time such proposed legislation is introduced in either house.

**Sec.**  RCW 43.132.020 and 2011 c 140 s 2 are each amended to read as follows:

The ((~~director of financial management~~)) legislative budget director or the director's designee shall, in cooperation with appropriate legislative committees and legislative staff, establish a mechanism for the determination of the fiscal impact of proposed legislation which if enacted into law would directly or indirectly increase or decrease revenues received or expenditures incurred by counties, cities, towns, or any other units of local government. For purposes of this section, "unit of local government" includes school districts to the extent that the proposed legislation affects school districts in the same manner as it affects other units of local government. Where proposed legislation uniquely affects school districts, a school district fiscal note must be prepared under the process established in RCW 28A.300.0401. The ((~~office of financial management~~)) legislative budget office shall, when requested by a member of the state legislature, report in writing as to such fiscal impact and said report shall be known as a "fiscal note".

Such fiscal notes shall indicate by fiscal year the total impact on the local governments involved for the first two years the legislation would be in effect and also a cumulative six year forecast of the fiscal impact. Where feasible and applicable, the fiscal note also shall indicate the fiscal impact on each individual county or on a representative sampling of cities, towns, or other units of local government.

A fiscal note as defined in this section shall be provided only upon request of any member of the state legislature. A request for a fiscal note on legislation shall be considered to be a continuing request for a fiscal note on any formal alteration of the legislation in the form of amendments to the legislation that are adopted by a committee or a house of the legislature or a substitute version of such legislation that is adopted by a committee and preparation of the fiscal note on the prior version of the legislation shall stop, unless the legislator requesting the fiscal note specifies otherwise or the altered version is first adopted or enacted in the last week of a legislative session.

Fiscal notes shall be completed within one week of the request unless a longer time period is allowed by the requesting legislator. In the event a fiscal note has not been completed within one week of a request, a daily report shall be prepared for the requesting legislator by the ((~~director of financial management which report~~)) legislative budget director that summarizes the progress in preparing the fiscal note. If the request is referred to the director of commerce, the daily report shall also include the date and time such referral was made.

**Sec.**  RCW 43.132.030 and 1995 c 399 s 80 are each amended to read as follows:

The ((~~director of financial management~~)) legislative budget director is hereby empowered to designate the director of ((~~community, trade, and economic development~~)) the department of commerce as the official responsible for the preparation of fiscal notes authorized and required by this chapter. It is the intent of the legislature that when necessary the resources of other state agencies, appropriate legislative staffs, and the various associations of local government may be employed in the development of such fiscal notes.

**Sec.**  RCW 43.132.040 and 2000 c 182 s 3 are each amended to read as follows:

When a fiscal note is prepared and approved as to form and completeness by the ((~~director of financial management~~)) legislative budget director, the director shall transmit copies immediately to:

(1) The requesting legislator;

(2) With respect to proposed legislation held by the senate, the chairperson of the committee which holds or has acted upon the proposed legislation, the chairperson of the ways and means committee or equivalent committees with jurisdiction over matters normally considered by a ways and means committee, the chairperson of the local government committee or equivalent committee that considers local government matters, and the secretary of the senate; and

(3) With respect to proposed legislation held by the house of representatives, the chairperson of the committee which holds or has acted upon the proposed legislation, the chairpersons of the ways and means committee or equivalent committees with jurisdiction over matters normally considered by a ways and means committee, the chairperson of the local government committee or equivalent committee that considers local government matters, and the chief clerk of the house of representatives.

**Sec.**  RCW 43.132.050 and 1986 c 158 s 19 are each amended to read as follows:

The ((~~office of financial management~~)) legislative budget office may make additional copies of the fiscal note available to members of the legislature and others on request.

At the request of any member of the senate or house of representatives, whichever is considering the proposed legislation, and unless it is prohibited by the rules of the body, copies of the fiscal note or a synopsis thereof shall be placed on the members' desks at the time the proposed legislation takes its place on the second reading calendar.

Whenever proposed legislation accompanied by such a fiscal note is passed by either the senate or the house of representatives, the fiscal note shall be transmitted with the bill to the other house.

**Sec.**  RCW 43.132.810 and 2000 c 182 s 6 are each amended to read as follows:

The ((~~office of financial management~~)) legislative budget office, in consultation with the department of ((~~community, trade, and economic development~~)) commerce, shall prepare a report for the legislature on or before December 31st of every even-numbered year on local government fiscal notes, and reports on the fiscal impacts on local governments arising from selected laws, that were prepared over the preceding two-year period.

**Sec.**  RCW 44.04.260 and 2012 c 229 s 204 and 2012 c 113 s 6 are each reenacted and amended to read as follows:

The joint legislative audit and review committee, the joint transportation committee, the select committee on pension policy, the legislative evaluation and accountability program committee, the office of legislative support services, the joint higher education committee, legislative budget office, and the joint legislative systems committee are subject to such operational policies, procedures, and oversight as are deemed necessary by the facilities and operations committee of the senate and the executive rules committee of the house of representatives to ensure operational adequacy of the agencies of the legislative branch. As used in this section, "operational policies, procedures, and oversight" includes the development process of biennial budgets, contracting procedures, personnel policies, and compensation plans, selection of a chief administrator, facilities, and expenditures. This section does not grant oversight authority to the facilities and operations committee of the senate over any standing committee of the house of representatives or oversight authority to the executive rules committee of the house of representatives over any standing committee of the senate.

NEW SECTION. **Sec.**  Sections 2 through 5 of this act constitute a new chapter in Title 44 RCW.

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