S-1180.1

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**SENATE BILL 5915**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Brown, Angel, Miloscia, Braun, Dansel, Schoesler, Hewitt, and Chase

AN ACT Relating to dynamic fiscal impact statements; amending RCW 43.88A.010, 43.88A.030, and 43.88A.040; adding a new section to chapter 43.88A RCW; and providing an expiration date.

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

**Sec.**  RCW 43.88A.010 and 1977 ex.s. c 25 s 1 are each amended to read as follows:

The legislature hereby recognizes the necessity of developing a uniform and coordinated procedure for determining the expected fiscal impact of bills and resolutions on state government. The legislature also recognizes that developing ((~~such~~)) these statements of fiscal impact((~~, which shall be known as fiscal notes,~~)) requires the designation of a state agency to be principally responsible ((~~therefor~~)) for the statements. The statements are to be known as fiscal notes and dynamic fiscal impact statements.

NEW SECTION. **Sec.**  A new section is added to chapter 43.88A RCW to read as follows:

(1)(a) For purposes of this chapter, a dynamic fiscal impact statement is: (i) A written statement that includes a dynamic impact estimate of the legislation or proposed legislation; and (ii) contained only in the narrative explanation of the fiscal note and not reflected in the fiscal impact calculation required by RCW 43.88A.020.

(b) A dynamic fiscal impact statement must include information on the assumptions that were used in computing the dynamic impact estimate. The dynamic impact estimate should, at a minimum, be based on assumptions of the probable behavioral response of persons directly impacted by the legislation or proposed legislation.

(2) By July 1, 2016, the office of financial management must, in consultation with the economic and revenue forecast council, establish the process and methodology for dynamic fiscal impact statements and dynamic impact estimates.

(3) Dynamic fiscal impact statements may be produced only on request from members of the senate ways and means committee, house ways and means committee, or any successor committee to these committees.

(4) Dynamic fiscal impact statements may not be made unless the fiscal note in which it would be contained reflects a positive or negative revenue impact of more than ten million dollars per fiscal year.

(5) Requests for dynamic fiscal impact statements must be submitted to the office of financial management at least sixty days before the beginning of a legislative session.

(6) Dynamic fiscal impact statements may not be updated when a bill or resolution is substantively amended during a legislative session. If the office of financial management determines that a substantive amendment to a bill or resolution would likely affect the dynamic impact estimate for that bill or resolution, the dynamic fiscal impact statement must be removed from any fiscal note that reflects the amendment.

(7) If the dynamic impact estimate would reduce the existing general fund ending balance to less than one percent of current biennial appropriations, the dynamic fiscal impact statement must be excluded from the fiscal note when it is filed as required by RCW 43.88A.030.

(8) Nothing in this section may be construed to limit the provisions of chapter 43.132 RCW.

(9) For purposes of this chapter, "dynamic impact estimate" means an estimate of the net fiscal impact of a bill, resolution, or proposed legislation that takes into account behavioral changes of persons directly impacted by the legislation or proposed legislation and the effect that those behavioral changes may have on the economy as a whole. Dynamic impact estimates may take into consideration factors such as the effects of the legislation or proposed legislation on persons to save, spend, invest, and expand or reduce their business activities in this state.

**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, which depicts the expected fiscal impact of a bill or resolution, copies ((~~shall~~)) must 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~~)) must 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~~)) must be placed in the bill books or otherwise attached to the bill or resolution and ((~~shall~~)) must 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~~)) must be placed in the bill books or otherwise attached to the bill or resolution and ((~~shall~~)) must 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 ((~~shall~~)) must also provide a fiscal note on any legislative proposal at the request of any legislator. ((~~Such~~)) The fiscal note ((~~shall~~)) must be returned to the requesting legislator, and copies ((~~shall~~)) must be filed with the appropriate legislative committees pursuant to RCW 43.88A.030 at the time ((~~such~~)) the proposed legislation is introduced in either house.

NEW SECTION. **Sec.**  This act expires June 30, 2022.

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