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**SUBSTITUTE HOUSE BILL 1264**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** House State Government & Tribal Relations (originally sponsored by Representatives Thai, Morgan, Senn, Berry, Valdez, Simmons, Ramel, Ortiz-Self, Davis, Peterson, Wylie, Callan, Lekanoff, Macri, Bronoske, Slatter, Ramos, Berg, Harris-Talley, Pollet, Gregerson, and Riccelli)

AN ACT Relating to establishing an equity impact statement for legislative proposals; adding a new chapter to Title 43 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that the health, safety, and productivity of all Washington communities, including historically marginalized communities, is of the utmost importance. All Washingtonians are harmed by unintended disparities created by legislation. Therefore, the legislature intends to create a tool to provide legislators with aggregated and disaggregated demographical data and other information to help legislators proactively identify possible disparate impacts on historically marginalized communities, and thus make better informed and intentional decisions on legislative proposals. The legislature also intends for the office of equity to provide agency training on completing an equity impact statement, in order to support the important work that the office of financial management is tasked with under this act, and to provide legislators with an effective tool to aid in their decision making.

The legislature finds that health impact reviews provide valuable information that helps legislators make informed decisions. However, given the nature of health impact reviews, the time required to complete a health impact review can be lengthy. As a result, it is a challenge to complete health impact reviews on all proposed legislation where objective, nonpartisan, data-driven information about the equity impacts of the proposed legislation would be useful in the legislative decision-making process. It is not the intent of the legislature to replace health impact reviews, but rather it is the intent of the legislature to establish a tool that can be applied to a greater number of legislative proposals, thereby enabling legislators to assess the equity impacts for a large number of measures. If further information about the equity impacts of proposed legislation is warranted, requesting a health impact review would be one possible path forward.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Agency" means every state executive office, agency, department, or commission, and the offices of statewide elected officials.

(2) "Communities" means a group of people who share some or all of the characteristics listed in RCW 49.60.030, and also includes language access and socioeconomic status.

(3) "Disaggregated data" means data that has been broken down by appropriate subcategories.

(4) "Socioeconomic status" means the position or social standing of an individual or group relative to others as determined by a combination of social and economic factors. Social and economic factors may include, but are not limited to, income, occupation, and education.

(5) "Statutory commission" means the Washington state commission on African American affairs established in chapter 43.113 RCW, the Washington state commission on Asian Pacific American affairs established in chapter 43.117 RCW, the Washington state commission on Hispanic affairs established in chapter 43.115 RCW, the Washington state women's commission established in chapter 43.119 RCW, the Washington state LGBTQ commission established in chapter 43.114 RCW, and the human rights commission established in chapter 49.60 RCW.

NEW SECTION. **Sec.**  IMPLEMENTATION PHASE 1. (1) The office of financial management shall, in consultation with the governor's interagency council on health disparities and the office of equity, establish procedures for providing an equity impact statement for legislative proposals for which an equity impact statement has been requested. The office of financial management must electronically provide equity impact statements online. The equity impact statement that has been prepared for a legislative proposal must be placed in the bill books or otherwise attached to the legislative proposal and must remain with the legislative proposal throughout the legislative process insofar as possible.

(2) The office of financial management shall, in consultation with the governor's interagency council on health disparities and the office of equity:

(a) Establish format and content requirements for the equity impact statement. At a minimum, the equity impact statement must describe the expected impact of the legislative proposal on communities; and

(b) Provide guidance for agencies on best practices, such as appropriate data and literature review standards, for completing an equity impact statement that is based on the best available empirical information and professional assumptions available to the agency within the time required for completing the equity impact statement.

(3) By July 1, 2022, and in compliance with RCW 43.01.036, the office of financial management shall submit a report to the governor, appropriate committees of the legislature, and statutory commissions that details:

(a) The procedure for providing an equity impact statement for legislative proposals, established pursuant to subsection (1) of this section;

(b) The format and content requirements for the equity impact statement, established pursuant to subsection (2) of this section;

(c) A plan, including information technology additions or revisions, necessary to implement section 4 of this act; and

(d) Recommendations on any policy changes needed to implement chapter . . ., Laws of 2021 (this act).

(4) For purposes of implementing this section, the office of financial management may contract with an entity or entities that have expertise in equity impact assessments. The contract is exempt from the competitive procurement requirements in chapter 39.26 RCW.

NEW SECTION. **Sec.**  IMPLEMENTATION PHASE 2. (1) Beginning January 1, 2023, in accordance with the procedures and requirements established pursuant to section 3 of this act, agencies shall prepare and the office of financial management shall provide an equity impact statement for legislative proposals that create new statutory provisions or amend existing statutes on housing or health care policies. The office of financial management shall add additional subject areas consistent with the schedule established in sections 5 and 6 of this act.

(2) Within 30 days after the final adjournment of the 2023 legislative session or sessions, the office of financial management shall survey all of the members of the house of representatives and the senate for the purpose of making improvements to the content of and procedure for providing equity impact statements. The survey must include inquiries into the following:

(a) Whether the member reviewed the equity impact statements;

(b) How helpful the equity impact statements were to inform a member's decision process on legislative proposals;

(c) Recommendations members may have on improvements to the content of an equity impact statement or procedure for providing an equity impact statement; and

(d) Other feedback the member wishes to provide.

(3) By September 1, 2023, and in compliance with RCW 43.01.036, the office of financial management shall submit a report to the governor, appropriate committees of the legislature, and statutory commissions that details:

(a) Legislative member survey responses;

(b) A summary of the responses received under (a) of this subsection;

(c) Plans, if any, to amend the procedures or requirements established pursuant to section 3 of this act;

(d) A plan to implement section 5 of this act; and

(e) Recommendations on any policy changes needed to implement chapter . . ., Laws of 2021 (this act).

NEW SECTION. **Sec.**  IMPLEMENTATION PHASE 3. (1) Beginning January 1, 2024, in accordance with the procedures and requirements established pursuant to section 3 of this act, agencies shall prepare and the office of financial management shall provide an equity impact statement for legislative proposals that create new statutory provisions or amend existing statutes on elementary and secondary education policy.

(2) Beginning on January 1, 2025, in accordance with the procedures and requirements established pursuant to section 3 of this act, agencies shall prepare and the office of financial management shall provide an equity impact statement for legislative proposals:

(a) That create new statutory provisions or amend existing statutes on tax policy; and

(b) In two additional policy areas selected by the office of financial management. The office of financial management shall immediately notify the legislature of the policy areas selected pursuant to this subsection (2)(b).

(3) Within 30 days after the final adjournment of the 2025 legislative session or sessions, the office of financial management shall survey all of the members of the house of representatives and the senate for the purpose of making improvements to the content of and procedure for providing equity impact statements. By November 15, 2025, and in compliance with RCW 43.01.036, the office of financial management shall submit a report to the governor, appropriate committees of the legislature, and statutory commissions that details:

(a)Legislative member survey responses;

(b) A summary of the responses received under (a) of this subsection;

(c) Plans, if any, to amend the procedures or requirements established pursuant to section 3 of this act; and

(d) Recommendations on any policy changes needed to implement chapter . . ., Laws of 2021 (this act).

NEW SECTION. **Sec.**  IMPLEMENTATION PHASE 4. Beginning on January 1, 2027, and every January 1st of odd-numbered years thereafter, and until all matters subject to legislation are included, agencies shall prepare and the office of financial management shall provide equity impact statements for legislative proposals in three additional policy areas selected by the office of financial management. The office of financial management shall immediately notify the legislature of the policy areas selected pursuant to this section. The equity impact statements must be prepared and provided in accordance to the procedures and requirements established pursuant to section 3 of this act.

NEW SECTION. **Sec.**  (1) In accordance with the office of equity's training responsibilities under RCW 43.06D.040, the office of equity shall provide training to the appropriate agency employees on how to complete an effective equity impact statement.

(2) When preparing an equity impact statement, agencies shall use guidance, procedures, and content and format requirements, established by the office of financial management pursuant to section 3 of this act.

NEW SECTION. **Sec.**  Nothing in this chapter shall prevent the legislature from acting on any legislative proposal 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 equity impact statement as provided in this chapter or any error in the accuracy thereof affect the validity of any measure otherwise duly passed by the legislature.

NEW SECTION. **Sec.**  Beginning July 1, 2028, and annually thereafter, the office of financial management must provide data requested by the office of equity regarding equity impact statements. The office of equity shall include the data provided by the office of financial management in the annual report to the governor and the legislature on agency compliance with office standards and performance measures, as required under RCW 43.06D.040(2).

NEW SECTION. **Sec.**  Sections 2 through 9 of this act constitute a new chapter in Title 43 RCW.

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