

HOUSE BILL REPORT

ESHB 1838

As Passed Legislature

Title: An act relating to transferring the responsibilities for the transportation revenue forecast for the transportation budget to the economic and revenue forecast council.

Brief Description: Transferring the responsibilities for the transportation revenue forecast for the transportation budget to the economic and revenue forecast council.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Barkis, Berg and Ortiz-Self).

Brief History:

Committee Activity:

Transportation: 2/20/23, 2/23/23 [DPS].

Floor Activity:

Passed House: 3/8/23, 97-0.

Senate Amended.

Passed Senate: 4/10/23, 48-0.

House Concurred.

Passed House: 4/18/23, 97-0.

Passed Legislature.

Brief Summary of Engrossed Substitute Bill

- Increases the legislative membership of the Economic and Revenue Forecast Council (ERFC).
- Creates a Transportation Economic and Revenue Forecast Council, which must work with the ERFC Director to supervise the preparation of all transportation economic and revenue forecasts.
- Beginning with the September 2024 revenue forecast, the ERFC Director must prepare and approve the transportation economic and revenue forecast.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 28 members: Representatives Fey, Chair; Donaghy, Vice Chair; Timmons, Vice Chair; Barkis, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Low, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Berry, Bronoske, Chapman, Cortes, Dent, Doglio, Duerr, Entenman, Goehner, Griffey, Hackney, Klicker, Mena, Orcutt, Ramel, Ramos, Schmidt, Taylor, Volz, Walsh and Wylie.

Staff: Beth Redfield (786-7140).

Background:

The Economic and Revenue Forecast Council (ERFC) consists of the State Treasurer, four legislators representing the two largest political caucuses of the Senate and House of Representatives, and two individuals appointed by the Governor. The Chair of the ERFC is selected from among the four caucus appointees.

The ERFC Director prepares, on a quarterly basis, state economic and revenue forecasts for the omnibus operating budget subject to the approval of the ERFC. To facilitate compliance with the four-year balanced budget requirement, the ERFC must approve budget outlooks of the proposed Governor's budget and the enacted budget. A councilmember who does not cast an affirmative vote for approval of the official economic and revenue forecast or state budget outlook may request an alternative forecast or outlook based on assumptions specified by the councilmember.

The ERFC Director must share information, data, and files with the Department of Revenue (DOR). The ERFC Workgroup receives revenue collection information the first business day following the conclusion of the collection period. The members of the ERFC Workgroup include one staff member appointed by the executive or chairperson of the DOR, the Office of Financial Management (OFM), the Legislative Evaluation and Accountability Program Committee, and the Ways and Means Committees of the Senate and House of Representatives.

The Transportation Revenue Forecast Council consists of staff who forecast transportation revenues collected by the Washington State Department of Transportation (WSDOT), the Department of Licensing (DOL), the OFM, the DOR, and the Washington State Patrol. The transportation revenue forecast is prepared quarterly on the same schedule as the ERFC forecast and uses the economic forecast approved by the ERFC. The transportation revenue forecast is for a 10 year period. House and Senate Transportation Committee staff are included in the process for legislative input and to ensure access to the forecast information.

Summary of Engrossed Substitute Bill:

The ERFC legislative members appointed by the two largest political caucuses of the Senate and House of Representatives for consideration and approval of the economic and revenue forecast for the omnibus operating budget and the four-year budget outlook are increased from four to eight. The number of votes needed to approve an economic and revenue forecast, budget outlook, and the appointment of the ERFC director is increased from five to seven.

The Transportation Economic and Revenue Forecast Council (TERFC) is created. The TERFC must work with the ERFC Director to supervise the preparation of all transportation economic and revenue forecasts. Membership on the Transportation Revenue Forecast Council consists of the following members:

- the Director of OFM;
- the Director of DOL;
- the State Treasurer;
- the Chair and Ranking Member of the House Transportation Committee; and
- the Chair and Ranking Member of the Senate Transportation Committee.

The chair of the TERFC is selected from among the four legislators. The TERFC must approve, by an affirmative vote of at least five members, the official, optimistic and pessimistic transportation economic and revenue forecasts.

Beginning with the September 2024 revenue forecast, the ERFC Director must prepare and approve the transportation economic and revenue forecast. Additionally, the ERFC Director may prepare unofficial projections for the transportation economic and revenue forecast, which may include optimistic and pessimistic assumption. If the TERFC is unable to approve a quarterly forecast, the ERFC Director must submit the transportation economic and revenue forecast without approval and the forecast shall have the same effect as if approved by the TERFC. The provision that a council member who does not cast an affirmative vote may request an alternative forecast is extended to the TERFC.

Staff of the House and Senate Transportation Committees, the WSDOT, and the DOL are added to the technical Workgroup for the transportation revenue forecast.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) It is important that the transportation revenue forecast is consistent and coordinated with the forecasting done for the omnibus operating budget. In light of the difficulty of filling recent vacancies at the WSDOT, this consolidation was the best option.

The ERFC is better positioned to recruit the staff. It will provide better visibility for the transportation revenue forecasting process and provide opportunities for legislators to engage with the process.

(Opposed) None.

Persons Testifying: Representative Jake Fey, prime sponsor; and Katherine Chapman-See and Erik Hansen, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: None.