

HOUSE BILL REPORT

ESHB 1838

As Amended by the Senate

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.

Brief Summary of Engrossed Substitute Bill

- Requires the Economic and Revenue Forecast Council (ERFC) to prepare and approve the transportation revenue forecast beginning with the September 2024 revenue forecast.
- Adds the legislative Transportation Committee chairs and ranking members and the Director of the Department of Licensing as council members who sit with the ERFC when it considers and approves the transportation revenue forecast.
- Increases the number of legislative appointees to the ERFC for consideration of the economic and revenue forecast for the omnibus operating appropriations act, to include the chairs and ranking members of the House Finance Committee, House Appropriations Committee, Senate Ways and Means Committee, and the vice chair and assistant

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ranking member of the Senate Ways and Means Committee.

- Directs that the chair of the ERFC, when conducting transportation business, must be selected from among the four Transportation Committee legislators and that the transportation forecast will be a six-year forecast.

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:

Beginning with the September 2024 revenue forecast, the ERFC must prepare and approve the transportation revenue forecast.

The chairs and ranking members of the House and Senate Transportation Committees are added to the ERFC to sit with the council when it considers and approves the transportation revenue forecast. The Director of the DOL is also added to the ERFC to sit with the council when it considers and approves the transportation revenue forecast.

The chair of the ERFC is selected from among the four Transportation Committee legislators when conducting transportation business. The provision that a council member who does not cast an affirmative vote may request an alternative forecast is extended to the transportation members of the council. The transportation forecast will be a six year forecast. Staff of the House and Senate Transportation Committees, the WSDOT, and the DOL are added to the technical Workgroup for the transportation revenue forecast.

The legislative appointees on the ERFC for consideration and approval of the economic and revenue forecast for the omnibus operating budget are increased to include the chairs and ranking members of the House Finance Committee, House Appropriations Committee, Senate Ways and Means Committee, and the vice chair and assistant ranking member of the Senate Ways and Means Committee. The majority of the overall council needed to approve the appointment of the state economist is increased to reflect the larger council. The majority of the council which approves the economic and revenue forecast and revenue outlook for the operating budget is also increased to reflect the larger number of council members serving on the council for this purpose.

EFFECT OF SENATE AMENDMENT(S):

The Senate striking amendment: (1) modifies the current law composition of the Economic and Revenue Forecast Council (ERFC) by increasing the number of legislators from four to eight appointed by the two largest political caucuses in the Senate and House of Representatives, eliminating the specific references to committee positions; (2) creates a separate Transportation Economic and Revenue Forecast Council (TERFC) with the same membership as specified in the House bill for consideration of the transportation revenue forecast; (3) specifies that the ERFC members vote on matters of employment of the director; (4) requires the director to prepare unofficial projections for the TERFC which

may include optimistic and pessimistic assumptions; and (5) makes reference corrections and adds repealers to obsolete references to the transportation revenue forecast.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 11, 2023.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

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.