

# HOUSE BILL REPORT

## SSB 6374

---

### As Reported by House Committee On: Ways & Means

**Title:** An act relating to fiscal note instructions.

**Brief Description:** Regarding fiscal note instructions.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Delvin, Swecker, Shin, Kastama, Eide, Marr, Hatfield, Sheldon, Berkey, Haugen and Ranker).

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 2/22/10, 2/27/10 [DP].

#### **Brief Summary of Substitute Bill**

- Requires the Department of Revenue (DOR) and the Office of Financial Management (OFM) to perform economic modeling of three examples of economic development legislation enacted in 2010.
- Requires the DOR and the OFM to compare actual results of the legislation with the economic modeling.

---

### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass. Signed by 14 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Dammeier, Assistant Ranking Minority Member; Conway, Darneille, Haigh, Hunt, Kagi, Kenney, Kessler, Pettigrew, Priest and Seaquist.

**Minority Report:** Do not pass. Signed by 8 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Chandler, Cody, Hinkle, Hunter, Ross and Schmick.

**Staff:** Dave Johnson (786-7154).

#### **Background:**

---

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

A fiscal note is an estimate of the revenue and expenditure impact of proposed legislation. Fiscal notes are prepared by the executive branch, at the request of the legislative branch. Fiscal notes provide an estimate for the current fiscal biennium and for the following two biennia. The Office of Financial Management (OFM) is responsible for establishing the procedures for the provision of fiscal notes consistent with statutory direction. Estimates of fiscal impacts are to be calculated per instructions issued by the OFM.

---

**Summary of Bill:**

The OFM and the Department of Revenue (DOR) must conduct a five-year pilot project on economic modeling on three examples of economic development legislation enacted during 2010 to model the increased economic activity which may result from economic development contemplated in legislation.

No later than five years after the effective date of the legislation, the OFM and the DOR shall compare the actual results of the legislation to the economic modeling and will provide a report to the Legislature comparing the two.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**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 can be frustrating when fiscal notes are prepared on bills that address economic development or tax incentives because they only contemplate the potential draw from the general fund and not the potential benefits of the legislation. This bill suggests that OFM take a dynamic approach when preparing fiscal notes to look at not only the downside but also the potential upside. The OFM was not eager to change the entire process but did agree to do a pilot program on a few bills. This is a compromise bill that has support from the OFM. It is a good idea to try the concept on a few bills to see how it will improve the fiscal note process and provide better information by looking at economic impacts and modeling what those impacts might be.

(Opposed) None.

**Persons Testifying:** Senator Kilmer, prime sponsor; and Stan Marshburn, Office of Financial Management.

**Persons Signed In To Testify But Not Testifying:** None.