
SENATE BILL 5638

State of Washington

63rd Legislature

2013 Regular Session

By Senators Harper, Litzow, Ranker, Carrell, Darneille, Frockt, Kohl-Welles, Murray, Billig, Hargrove, Keiser, Rolfes, Hatfield, Nelson, Schlicher, Eide, Conway, Kline, and Hasegawa

Read first time 02/06/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to the fiscal impacts of bills and budgets;
2 amending RCW 43.88A.020; creating a new section; and providing an
3 expiration date.

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

5 **Sec. 1.** RCW 43.88A.020 and 2011 c 140 s 1 are each amended to read
6 as follows:

7 (1)(a) The office of financial management shall, in cooperation
8 with appropriate legislative committees and legislative staff,
9 establish a procedure for the provision of fiscal notes on the expected
10 impact of bills and resolutions which increase or decrease or tend to
11 increase or decrease state government revenues or expenditures.

12 (b) No later than January 1, 2015, fiscal notes dealing with
13 corrections, child welfare, and mental health issues shall include, in
14 addition to the increases or decreases of state government revenue and
15 expenditures, an estimate of the fiscal impact of expenditure
16 reductions or increases on other state or local program expenditures as
17 well as any return on investment as a result of the legislation. The
18 office of financial management and the Washington state institute for

1 public policy, in consultation with university-based research
2 institutions, shall work together to implement this subsection (1)(b).

3 (2) Such fiscal notes shall indicate by fiscal year the impact for
4 the remainder of the biennium in which the bill or resolution will
5 first take effect as well as a cumulative forecast of the fiscal impact
6 for the succeeding four fiscal years.

7 (3) Fiscal notes shall separately identify the fiscal impacts on
8 the operating and capital budgets. Estimates of fiscal impacts shall
9 be calculated using the procedures contained in the fiscal note
10 instructions issued by the office of financial management.

11 (4) In establishing the fiscal impact called for pursuant to this
12 chapter, the office of financial management shall coordinate the
13 development of fiscal notes with all state agencies affected.

14 (5) The preparation and dissemination of the ongoing cost
15 projections and other requirements of RCW 43.135.031 for bills
16 increasing taxes or fees shall take precedence over fiscal notes.

17 (6) For proposed legislation that uniquely affects school
18 districts, in addition to any fiscal note prepared under this chapter,
19 a school district fiscal note must be prepared under the process
20 established in RCW 28A.300.0401.

21 NEW SECTION. **Sec. 2.** (1)(a) The legislature recognizes the
22 increasing importance of having complete information to establish and
23 enforce budgetary priorities, coordinate actions on spending and
24 revenue legislation, and develop budgetary and economic information
25 independently of the executive branch.

26 (b) The legislature finds it is critically important for the
27 legislature to have more information about the longer-term and holistic
28 impact of budget decisions, particularly in light of the four-year
29 balanced budget requirement.

30 (c) The legislature intends to spend public resources in a manner
31 that is transparent and accountable. To accomplish this goal, it needs
32 appropriate fiscal information to make evidence-based investments.

33 (d) The legislature believes that to enhance its ability to make
34 sound fiscal decisions, fiscal notes should include not only the
35 expenditure and revenue data associated with legislation but also the
36 impact of expenditure reductions or increases on other state and local

1 programs, including the rate of return on any fiscal decision the
2 legislature makes.

3 (2)(a) The director of the office of financial management and the
4 director of the Washington state institute for public policy shall
5 convene a work group to explore the establishment of a nonpartisan
6 agency to conduct objective, impartial fiscal analysis on behalf of the
7 legislature. The directors shall be the cochairs of the work group.
8 Specifically, the work group is tasked with reviewing whether this
9 agency should perform the following functions:

- 10 (i) Analyze the governor's proposed budgets;
- 11 (ii) Provide the legislature with long-term budget projections;
- 12 (iii) Provide cost estimates on proposed and introduced
13 legislation;
- 14 (iv) Provide a monthly analysis of state spending and revenue
15 totals;
- 16 (v) Provide frequent tabulations of legislative action affecting
17 spending and revenues and whether this action is consistent with the
18 spending and revenue levels set in the enacted budgets; and
- 19 (vi) Determine whether any existing agencies or functions can be
20 transferred to or subsumed in the nonpartisan agency.

21 (b) The work group shall consider whether the Washington state
22 institute for public policy should subsume the functions of impartial
23 fiscal analysis on behalf of the legislature.

24 (c) The work group shall be comprised of at least the following
25 members:

- 26 (i) One member from each of the two largest caucuses of the senate
27 chosen by the president of the senate;
- 28 (ii) One member from each of the two largest caucuses of the house
29 of representatives chosen by the speaker of the house of
30 representatives;
- 31 (iii) One representative from the legislative evaluation and
32 accountability program committee;
- 33 (iv) One representative from the office of the state treasurer;
- 34 (v) One representative of the caseload forecast council; and
- 35 (vi) One representative of the economic and revenue forecast
36 council.

37 (d) The first meeting of the work group shall occur no later than
38 August 1, 2013.

1 (e) The work group shall report its findings and recommendations to
2 the governor and the appropriate committees of the legislature no later
3 than December 1, 2014.

4 (f) This section expires June 30, 2015.

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