

SENATE BILL REPORT

ESHB 1838

As of March 29, 2023

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

Committee Activity: Transportation: 3/20/23, 3/23/23 [DPA-WM].

Ways & Means: 3/31/23.

Brief Summary of Amended 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 and budget outlook.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King,

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.

Ranking Member; Holy, Assistant Ranking Member; Cleveland, Fortunato, Hawkins, Kauffman, Lovelett, MacEwen, Nobles, Padden, Randall, Valdez, Wilson, C. and Wilson, J..

Staff: Bryon Moore (786-7726)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

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 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), OFM, 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 ten-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 Amended 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 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. If the ERFC director determines it is warranted, unofficial transportation revenue projections may be produced, including one with optimistic and pessimistic assumptions. Staff of the House and Senate Transportation committees, WSDOT, and 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 and budget outlook 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 ERFC director is increased to reflect the larger council. The majority of the council which approves the economic and revenue forecast and budget 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 TRANSPORTATION COMMITTEE AMENDMENT(S):

- Allows the production of unofficial transportation revenue projections, which may include optimistic and pessimistic assumptions, as determined by ERFC director.
- Removes an inconsistent reference regarding the Office of Financial Management continuing to prepare the transportation revenue forecast.
- Repeals a statute dealing with the Office of Financial Management resolving differences in transportation revenue forecasts.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Substitute House Bill (Transportation): *The committee recommended a different version of the bill than what was heard.* PRO: The problem we are trying to solve is WSDOT has had difficulty filling key forecasting positions, including the lead forecaster with no luck. The transfer of the transportation forecasting responsibilities to the Economic and Revenue Forecast Council

(ERFC) will improve the situation and tap into the expertise of the ERFC in the process. The transfer will also allow for greater coordination and consistency in the forecasts. This will also improve transparency and allow for greater legislative involvement.

Persons Testifying (Transportation): PRO: Representative Jake Fey, Prime Sponsor; K.D. Chapman-See, Office of Financial Management; Erik Hansen, Office of Financial Management.

Persons Signed In To Testify But Not Testifying (Transportation): No one.