

SENATE BILL REPORT

ESHB 1838

As Reported by Senate Committee On:
Transportation, March 23, 2023
Ways & Means, April 3, 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, 4/03/23 [DPA, w/oRec].

Brief Summary of Amended Bill

- Modifies the membership and duties of the Economic and Revenue Forecast Council.
- Creates a Budget Outlook Council.
- Creates a Transportation Revenue Forecast Council.

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

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.

Staff: Bryon Moore (786-7726)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Schoesler, Ranking Member, Capital.

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: The membership of the ERFC is changed to include the following members:

- the Director of the Office of Financial Management;
- the Director of the Department of Revenue;
- the State Treasurer;
- the Chair and Ranking Member of the House Finance Committee; and
- the Chair and Ranking Member of the Senate Ways and Means Committee.

The duty to adopt budget outlooks is removed from the ERFC and moved to the newly created Budget Outlook Council. Membership on the Budget Outlook Council consists of the following members:

- the Director of the Office of Financial Management;
- the Director of the Department of Revenue;
- the State Treasurer;
- the Chair and Ranking Member of the House Appropriations Committee; and
- the Chair and Ranking Member of the Senate Ways and Means Committee.

Beginning with the September 2024 forecast, the newly created Transportation Revenue Forecast Council will adopt quarterly transportation revenue forecasts for transportation related funds this is consistent with provisions related to the revenue forecasts adopted by the ERFC. Transportation revenue forecasts must include projections for the current fiscal biennium and the next two ensuing fiscal biennia. Membership on the Transportation Revenue Forecast Council consists of the following members:

- the Director of the Office of Financial Management;
- the Director of the Department of Licensing;
- the State Treasurer;
- the Chair and Ranking Member of the House Transportation Committee; and
- the Chair and Ranking Member of the Senate Transportation Committee.

Staff of the ERFC technical workgroup is changed to include one staff person from the Ways and Means committees of the House of Representatives to one staff person from the House Finance Committee. Membership of the ERFC workgroup is expanded to include one staff person from each of the House and Senate Transportation committees, WSDOT, and DOL.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Changes the membership of the Economic and Revenue Forecast Council (ERFC) from two appointees by the Governor and four legislative appointees and replaces them with the following members: the director of the Office of Financial Management; the director of the Department of Revenue; the State Treasurer; the chair and ranking member of the House Finance Committee; and the chair and

- ranking member of the Senate Ways and Means Committee.
- Removes the adoption of the Budget Outlooks from the duties of the ERFC and creates a Budget Outlook Council with the following members: the director of the Office of Financial Management; the director of the Department of Revenue; the State Treasurer; the chair and ranking member of the House Appropriations Committee; and the chair and ranking member of the Senate Ways and Means Committee.
 - Creates a Transportation Revenue Forecast Council, to adopt transportation revenue forecasts consistent with requirements related to revenue forecasts adopted by the ERFC, beginning with the September 2024 forecast, and with the following members: the director of the Office of Financial Management; the director of the Department of Licensing; the State Treasurer; the chair and ranking member of the House Transportation Committee; and the chair and ranking member of the Senate Transportation Committee.
 - Directs the director of the ERFC to support the work of the Budget Outlook and Transportation Revenue Forecast Councils.
 - Adds staff from the House and Senate Transportation Committees and the Department of Licensing to the ERFC work group.
 - Removes references to and repeals statues related to the current process for transportation revenue forecasts.
 - Provides an effective date for the sections repealing the current transportation revenue forecasting requirements of July 1, 2024.

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.

Staff Summary of Public Testimony on Bill as Amended by Transportation (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.