

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1838

68th Legislature
2023 Regular Session

Passed by the House April 18, 2023
Yeas 97 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate April 10, 2023
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1838** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1838

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By House Transportation (originally sponsored by Representatives Fey, Barkis, Berg, and Ortiz-Self)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to transferring the responsibilities for the
2 transportation revenue forecast for the transportation budget to the
3 economic and revenue forecast council; amending RCW 82.33.010,
4 82.33.040, and 43.88.020; reenacting and amending RCW 82.33.020;
5 adding a new section to chapter 82.33 RCW; repealing RCW 43.88.125
6 and 43.88.122; and providing an effective date.

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

8 **Sec. 1.** RCW 82.33.010 and 2012 1st sp.s. c 8 s 2 are each
9 amended to read as follows:

10 (1) (a) The economic and revenue forecast council is hereby
11 created. The council shall consist of two individuals appointed by
12 the governor, the state treasurer, and ~~((four individuals, one))~~
13 eight legislators, two of whom ~~((is))~~ shall be appointed by the
14 chairperson of each of the two largest political caucuses in the
15 senate and house of representatives.

16 (b) The chair of the council shall be selected from among the
17 ~~((four))~~ eight caucus appointees. The council may select such other
18 officers as the members deem necessary.

19 (2) The council shall employ an economic ~~((and)),~~ revenue, and
20 transportation revenue forecast supervisor to supervise the
21 preparation of all economic and revenue forecasts, transportation

1 revenue forecasts under section 2 of this act, and the presentation
2 of state budget outlooks. As used in this chapter, "supervisor" means
3 the economic ~~((and))~~, revenue, and transportation revenue forecast
4 supervisor. Approval by an affirmative vote of at least ~~((five))~~
5 seven members of the council is required for any decisions regarding
6 employment of the supervisor. Employment of the supervisor shall
7 terminate after each term of three years. At the end of the first
8 year of each three-year term the council shall consider extension of
9 the supervisor's term by one year. The council may fix the
10 compensation of the supervisor. The supervisor shall employ staff
11 sufficient to accomplish the purposes of this section.

12 (3) The economic and revenue forecast council shall oversee the
13 preparation of and approve, by an affirmative vote of at least
14 ~~((five))~~ seven members, the official, optimistic, and pessimistic
15 state economic and revenue forecasts prepared under RCW 82.33.020. If
16 the council is unable to approve a forecast before a date required in
17 RCW 82.33.020, the supervisor shall submit the forecast without
18 approval and the forecast shall have the same effect as if approved
19 by the council.

20 (4) The economic and revenue forecast council shall oversee the
21 preparation of and approve, by an affirmative vote of at least
22 ~~((five))~~ seven members, the state budget outlook prepared under RCW
23 82.33.060. If the council is unable to approve a state budget outlook
24 before a date required in RCW 82.33.060, the supervisor shall submit
25 the outlook prepared under RCW 82.33.060 without approval and the
26 outlook shall have the same effect as if approved by the council.

27 (5) A councilmember who does not cast an affirmative vote for
28 approval of the official economic and revenue forecast or the state
29 budget outlook may request, and the supervisor shall provide, an
30 alternative economic and revenue forecast or state budget outlook
31 based on assumptions specified by the member including, for purposes
32 of the state budget outlook, revenues to and expenditures from
33 additional funds.

34 (6) Members of the economic and revenue forecast council shall
35 serve without additional compensation but shall be reimbursed for
36 travel expenses in accordance with RCW 44.04.120 while attending
37 sessions of the council or on official business authorized by the
38 council. Nonlegislative members of the council shall be reimbursed
39 for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.33

2 RCW to read as follows:

3 (1)(a) The transportation economic and revenue forecast council
4 is hereby created. The council shall consist of the following
5 members:

6 (i) The director of the office of financial management;

7 (ii) The director of the department of licensing;

8 (iii) The state treasurer;

9 (iv) The chair and ranking member of the house transportation
10 committee; and

11 (v) The chair and ranking member of the senate transportation
12 committee.

13 (b) The chair of the council shall be selected from among the
14 legislative members of the council identified in (a)(iv) and (v) of
15 this subsection. The council may select such other officers as the
16 members deem necessary.

17 (2) The council shall work with the economic, revenue, and
18 transportation revenue forecast supervisor identified under RCW
19 82.33.010 to supervise the preparation of all transportation economic
20 and revenue forecasts. The supervisor shall employ staff sufficient
21 to accomplish the purposes of this section.

22 (3)(a) The transportation economic and revenue forecast council
23 shall oversee the preparation of and approve, by an affirmative vote
24 of at least five members, the official, optimistic, and pessimistic
25 transportation economic and revenue forecasts prepared under RCW
26 82.33.020.

27 (b) If the council is unable to approve a forecast before a date
28 required in RCW 82.33.020, the supervisor shall submit the forecast
29 without approval and the forecast shall have the same effect as if
30 approved by the council.

31 (4) A councilmember who does not cast an affirmative vote for
32 approval of the official transportation economic and revenue forecast
33 may request, and the supervisor shall provide, an alternative
34 economic and revenue forecast based on assumptions specified by the
35 member.

36 (5) Members of the transportation economic and revenue forecast
37 council shall serve without additional compensation but shall be
38 reimbursed for travel expenses in accordance with RCW 44.04.120 while
39 attending sessions of the council or on official business authorized
40 by the council. Nonlegislative members of the council shall be

1 reimbursed for travel expenses in accordance with RCW 43.03.050 and
2 43.03.060.

3 **Sec. 3.** RCW 82.33.020 and 2015 c 3 s 14 are each reenacted and
4 amended to read as follows:

5 (1) Four times each year the supervisor must prepare, subject to
6 the approval of the economic and revenue forecast council under RCW
7 82.33.010:

8 (a) An official state economic and revenue forecast;

9 (b) An unofficial state economic and revenue forecast based on
10 optimistic economic and revenue projections; and

11 (c) An unofficial state economic and revenue forecast based on
12 pessimistic economic and revenue projections.

13 (2) Beginning with the September 2024, and four times each year
14 thereafter, the supervisor must prepare, subject to the approval of
15 the transportation economic and revenue forecast council created
16 under section 2 of this act, an official transportation revenue
17 forecast for the transportation budget. Additionally, the supervisor
18 must prepare unofficial projections as deemed warranted by the
19 supervisor, which may include optimistic and pessimistic assumptions.
20 For purposes of this subsection, the transportation revenue forecast
21 for the transportation budget includes, but is not limited to,
22 transportation taxes, vehicle fees, drivers' fees, fares and tolls,
23 and aircraft and vessel fees.

24 (3) The supervisor must submit forecasts prepared under this
25 section, along with any unofficial forecasts provided under RCW
26 82.33.010, to the governor and the members of the ~~((committees on))~~
27 ways and means committee of the senate and appropriations committee
28 of the house of representatives and the chairs of the committees on
29 transportation of the senate and house of representatives, including
30 one copy to the staff of each of the committees, on or before
31 November 20th, February 20th in the even-numbered years, March 20th
32 in the odd-numbered years, June 27th, and September 27th. ~~((In fiscal~~
33 ~~year 2015, the March 20th forecast shall be submitted on or before~~
34 ~~February 20, 2015.))~~ All forecasts must be based on the most recent
35 economic and revenue forecast council economic forecast. All
36 forecasts must include both estimated receipts and estimated revenues
37 in conformance with generally accepted accounting principles as
38 provided by RCW 43.88.037. In odd-numbered years, the period covered
39 by forecasts for the state general fund and related funds must cover

1 the current fiscal biennium and the next ensuing fiscal biennium, and
2 the period for the transportation related funds must cover the
3 current fiscal biennium and the next two ensuing fiscal biennia. In
4 even-numbered years, the period covered by the forecasts for the
5 state general fund and related funds shall be current fiscal and the
6 next two ensuing fiscal biennia, and the period for the
7 transportation related funds shall be the current fiscal and the next
8 two ensuing fiscal biennia.

9 ~~((3))~~ (4) All agencies of state government must provide to the
10 supervisor immediate access to all information relating to economic
11 and revenue forecasts. Revenue collection information must be
12 available to the supervisor the first business day following the
13 conclusion of each collection period.

14 ~~((4))~~ (5) The economic ~~((and))~~, revenue, and transportation
15 revenue forecast supervisor and staff must ~~((relocate and))~~ share
16 information, data, and files with the tax research section of the
17 department of revenue and the department of licensing but may not
18 duplicate the duties and functions of one another.

19 ~~((5))~~ (6) As part of its forecasts under subsection (1) of this
20 section, the supervisor must provide estimated revenue from tuition
21 fees as defined in RCW 28B.15.020.

22 ~~((6))~~ (7) The economic and revenue forecast council must, in
23 consultation with the economic and revenue forecast work group
24 created in RCW 82.33.040, review the existing economic and revenue
25 forecast council revenue model, data, and methodologies and in light
26 of recent economic changes, engage outside experts if necessary, and
27 recommend changes to the economic and revenue forecast council
28 revenue forecasting process to increase confidence and promote
29 accuracy in the revenue forecast. The recommendations are due by
30 September 30, 2012, and every five years thereafter.

31 **Sec. 4.** RCW 82.33.040 and 1986 c 158 s 23 are each amended to
32 read as follows:

33 (1) To promote the free flow of information and to promote
34 legislative input in the preparation of forecasts, immediate access
35 to all information relating to economic and revenue forecasts shall
36 be available to the economic and revenue forecast work group, hereby
37 created. Revenue collection information shall be available to the
38 economic and revenue forecast work group the first business day
39 following the ~~((conclusion of each collection period))~~ close of each

1 fiscal month. The economic and revenue forecast work group shall
2 consist of one staff member selected by the executive head or
3 chairperson of each of the following agencies or committees:

4 (a) Department of revenue;

5 (b) Office of financial management;

6 (c) Legislative evaluation and accountability program committee;

7 (d) Ways and means committee of the senate; (~~and~~)

8 (e) Ways and means committee of the house of representatives;

9 (f) Transportation committee of the senate;

10 (g) Transportation committee of the house of representatives;

11 (h) Washington state department of transportation; and

12 (i) Department of licensing.

13 (2) The economic and revenue forecast work group shall provide
14 technical support to the economic and revenue forecast council.
15 Meetings of the economic and revenue forecast work group may be
16 called by any member of the group for the purpose of assisting the
17 economic and revenue forecast council, reviewing the state economic
18 and revenue forecasts, or reviewing monthly revenue collection data
19 or for any other purpose which may assist the economic and revenue
20 forecast council.

21 (3) Staff members from the Washington state department of
22 transportation, department of licensing, transportation committee of
23 the senate, and transportation committee of the house of
24 representatives shall only provide technical support for the
25 transportation revenue forecast for the transportation budget.

26 **Sec. 5.** RCW 43.88.020 and 2005 c 319 s 107 are each amended to
27 read as follows:

28 (1) "Budget" means a proposed plan of expenditures for a given
29 period or purpose and the proposed means for financing these
30 expenditures.

31 (2) "Budget document" means a formal statement, either written or
32 provided on any electronic media or both, offered by the governor to
33 the legislature, as provided in RCW 43.88.030.

34 (3) "Director of financial management" means the official
35 appointed by the governor to serve at the governor's pleasure and to
36 whom the governor may delegate necessary authority to carry out the
37 governor's duties as provided in this chapter. The director of
38 financial management shall be head of the office of financial
39 management which shall be in the office of the governor.

1 (4) "Agency" means and includes every state office, officer, each
2 institution, whether educational, correctional, or other, and every
3 department, division, board, and commission, except as otherwise
4 provided in this chapter.

5 (5) "Public funds", for purposes of this chapter, means all
6 moneys, including cash, checks, bills, notes, drafts, stocks, and
7 bonds, whether held in trust, for operating purposes, or for capital
8 purposes, and collected or disbursed under law, whether or not such
9 funds are otherwise subject to legislative appropriation, including
10 funds maintained outside the state treasury.

11 (6) "Regulations" means the policies, standards, and
12 requirements, stated in writing, designed to carry out the purposes
13 of this chapter, as issued by the governor or the governor's
14 designated agent, and which shall have the force and effect of law.

15 (7) "Ensuing biennium" means the fiscal biennium beginning on
16 July 1st of the same year in which a regular session of the
17 legislature is held during an odd-numbered year pursuant to Article
18 II, section 12 of the Constitution and which biennium next succeeds
19 the current biennium.

20 (8) "Dedicated fund" means a fund in the state treasury, or a
21 separate account or fund in the general fund in the state treasury,
22 that by law is dedicated, appropriated, or set aside for a limited
23 object or purpose; but "dedicated fund" does not include a revolving
24 fund or a trust fund.

25 (9) "Revolving fund" means a fund in the state treasury,
26 established by law, from which is paid the cost of goods or services
27 furnished to or by a state agency, and which is replenished through
28 charges made for such goods or services or through transfers from
29 other accounts or funds.

30 (10) "Trust fund" means a fund in the state treasury in which
31 designated persons or classes of persons have a vested beneficial
32 interest or equitable ownership, or which was created or established
33 by a gift, grant, contribution, devise, or bequest that limits the
34 use of the fund to designated objects or purposes.

35 (11) "Administrative expenses" means expenditures for: (a)
36 Salaries, wages, and related costs of personnel and (b) operations
37 and maintenance including but not limited to costs of supplies,
38 materials, services, and equipment.

39 (12) "Fiscal year" means the year beginning July 1st and ending
40 the following June 30th.

1 (13) "Lapse" means the termination of authority to expend an
2 appropriation.

3 (14) "Legislative fiscal committees" means the joint legislative
4 audit and review committee, the legislative evaluation and
5 accountability program committee, and the ways and means and
6 transportation committees of the senate and house of representatives.

7 (15) "Fiscal period" means the period for which an appropriation
8 is made as specified within the act making the appropriation.

9 (16) "Primary budget driver" means the primary determinant of a
10 budget level, other than a price variable, which causes or is
11 associated with the major expenditure of an agency or budget unit
12 within an agency, such as a caseload, enrollment, workload, or
13 population statistic.

14 (17) "State tax revenue limit" means the limitation created by
15 chapter 43.135 RCW.

16 (18) "General state revenues" means the revenues defined by
17 Article VIII, section 1(c) of the state Constitution.

18 (19) "Annual growth rate in real personal income" means the
19 estimated percentage growth in personal income for the state during
20 the current fiscal year, expressed in constant value dollars, as
21 published by the office of financial management or its successor
22 agency.

23 (20) "Estimated revenues" means estimates of revenue in the most
24 recent official economic ~~((and))~~, revenue ~~((forecast))~~, and
25 transportation revenue forecasts, prepared under RCW 82.33.020 ~~((and~~
26 ~~prepared by the office of financial management for those funds,~~
27 ~~accounts, and sources for which the office of the economic and~~
28 ~~revenue forecast council does not prepare an official forecast, that~~
29 ~~are prepared by the office of financial management in consultation~~
30 ~~with the transportation revenue forecast council))~~).

31 (21) "Estimated receipts" means the estimated receipt of cash in
32 the most recent official economic and revenue forecast prepared under
33 RCW 82.33.020, and prepared by the office of financial management for
34 those funds, accounts, and sources for which the office of the
35 economic and revenue forecast council does not prepare an official
36 forecast.

37 (22) "State budgeting, accounting, and reporting system" means a
38 system that gathers, maintains, and communicates fiscal information.
39 The system links fiscal information beginning with development of

1 agency budget requests through adoption of legislative appropriations
2 to tracking actual receipts and expenditures against approved plans.

3 (23) "Allotment of appropriation" means the agency's statement of
4 proposed expenditures, the director of financial management's review
5 of that statement, and the placement of the approved statement into
6 the state budgeting, accounting, and reporting system.

7 (24) "Statement of proposed expenditures" means a plan prepared
8 by each agency that breaks each appropriation out into monthly detail
9 representing the best estimate of how the appropriation will be
10 expended.

11 (25) "Undesignated fund balance (or deficit)" means unreserved
12 and undesignated current assets or other resources available for
13 expenditure over and above any current liabilities which are expected
14 to be incurred by the close of the fiscal period.

15 (26) "Internal audit" means an independent appraisal activity
16 within an agency for the review of operations as a service to
17 management, including a systematic examination of accounting and
18 fiscal controls to assure that human and material resources are
19 guarded against waste, loss, or misuse; and that reliable data are
20 gathered, maintained, and fairly disclosed in a written report of the
21 audit findings.

22 (27) "Performance verification" means an analysis that (a)
23 verifies the accuracy of data used by state agencies in quantifying
24 intended results and measuring performance toward those results, and
25 (b) verifies whether or not the reported results were achieved.

26 (28) "Performance audit" has the same meaning as it is defined in
27 RCW 44.28.005.

28 NEW SECTION. **Sec. 6.** The following acts or parts of acts are
29 each repealed:

30 (1) RCW 43.88.125 (Study of transportation-related funds or
31 accounts—Coordination of activities) and 2005 c 319 s 114, 1996 c 288
32 s 49, 1981 c 270 s 15, 1977 ex.s. c 235 s 6, 1975 1st ex.s. c 293 s
33 19, & 1971 ex.s. c 195 s 2; and

34 (2) RCW 43.88.122 (Transportation agency revenue forecasts—
35 Variances) and 2000 2nd sp.s. c 4 s 14 & 1991 c 358 s 7.

1 NEW SECTION. **Sec. 7.** Section 6 of this act takes effect July 1,
2 2024.

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