

Local Government Committee

BILL ANALYSIS HB 1997

TITLE OF THE BILL: Relating to local government fiscal notes.

WHAT THIS BILL DOES: *Revises processes for requesting and preparing local government fiscal notes and establishes requirements for subsequent fiscal review of legislation.*

SPONSORS: Representatives Wensman, H. Sommers, D. Schmidt, Scott, Pennington, Edwards, Mielke, Ericksen, Doumit, Alexander and Haigh

HEARING DATE: Monday, February 22, 1999

FISCAL NOTE: Requested February 18, 1999

ANALYSIS PREPARED BY: Caroleen Dineen (786-7156)

BACKGROUND:

A local government fiscal note is a report indicating the fiscal impact of proposed legislation on local governments. Specifically, the local government fiscal note identifies how proposed legislation, if enacted, would directly or indirectly increase or decrease revenues or expenditures of affected local governments.

When a local government fiscal note indicates a bill or resolution would require a local government to expend funds, the Legislature is required to determine the state's fiscal responsibility. The Legislature is also required to make every effort to appropriate the funds or provide the revenue generating authority necessary to implement the legislation during the ensuing biennium.—

Request for a Local Government Fiscal Note

Any legislator may request a local government fiscal note for proposed legislation. The legislator may also request revision of a local government fiscal note to address proposed amendments or substitute bills.

Preparation and Submission of a Local Government Fiscal Note

The Office of Financial Management (OFM), or the Department of Community, Trade and Economic Development (CTED), as OFM's designee, is required to complete the local government fiscal note within 72 hours unless the requesting legislator allows a longer time period. Neither the absence nor the inaccuracy of a local government fiscal note:

- prevents the Legislature from acting upon proposed legislation; or
- affects the validity of any legislation passed by the Legislature.

OFM or CTED is required to provide copies of the completed local government fiscal note to the requesting legislator and to:

- the chair of the committee which holds or has acted upon the bill (House or Senate);
- the chair of the local government committee (House or Senate);
- the chair of the ways and means committee and the Secretary of the Senate (Senate bills); and
- the chairs of the revenue and taxation and appropriations committees and the Chief Clerk (House bills).

OFM or CTED may provide additional copies of the local government fiscal note to other legislators or persons upon request. If requested by a legislator in the house considering the bill, copies of the local government fiscal note (or a synopsis) are to be placed on legislators' desks when the bill is placed on the second reading calendar. When the bill is passed by one house, the local government fiscal note is transmitted with the bill to the other house.

SUMMARY:

The process for requesting and preparing local government fiscal notes is revised. A process for reviewing the fiscal impact of enacted legislation is established. Legislative intent to reduce the number of fiscal note requests, to improve the quality of fiscal notes and to review fiscal impacts of prior legislation is added.

Request for a Local Government Fiscal Note

Authority to request a local government fiscal note is limited to the chair or the ranking minority member of any standing committee. The initial fiscal note request is considered a continuing request on any substitutes or amendments, and preparation of the fiscal note on the original version of the bill is halted if the bill is altered unless: the requesting legislator specifies otherwise; or the altered version is adopted in the last week of the legislative session.

Preparation and Submission of a Local Government Fiscal Note

The time limit for completing fiscal note requests is expanded from the current 72-hour limit to within one week of the request date.

The list of committees receiving copies of fiscal notes is revised. OFM or CTED is required to provide copies of a local government fiscal note to the requesting legislator and to:

- the chair of the committee which holds or has acted upon the bill (House or Senate);
- the chair of the local government committee or the equivalent committee considering local government matters (House or Senate);
- the chair of the ways and means committee or the equivalent committee with respect to jurisdiction and the Secretary of the Senate (Senate bills); and
- the chair of the ways and means committee or equivalent committees with respect to jurisdiction and the Chief Clerk (House bills).

Legislative authority to act upon legislation notwithstanding either the absence or inaccuracy of a local government fiscal note does not alter responsibilities imposed pursuant to Initiative Measure 601 (codified as chapter 43.135 RCW). These responsibilities include a general prohibition on expending funds in excess of the state expenditure limit and a requirement to reimburse local governments for the costs of new programs or increases in service levels.

OFM, in consultation with CTED, is required to annually review selected legislation enacted within the preceding five-year period and to prepare a fiscal impact report(s) on such legislation. Preparation of the fiscal impact reports is subject to available funding. By December 31 of every even-numbered year, OFM, in consultation with CTED, is also required to report to the Legislature on local government fiscal notes and fiscal impact reports prepared during the preceding two-year period.