
SENATE BILL 5741

State of Washington

61st Legislature

2009 Regular Session

By Senators Schoesler, McCaslin, Sheldon, Carrell, Stevens, Morton,
and Honeyford

Read first time 01/30/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to dynamic fiscal notes; amending RCW 43.88A.010,
2 43.88A.030, and 43.88A.040; and adding new sections to chapter 43.88A
3 RCW.

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

5 **Sec. 1.** RCW 43.88A.010 and 1977 ex.s. c 25 s 1 are each amended to
6 read as follows:

7 The legislature hereby recognizes the necessity of developing a
8 uniform and coordinated procedure for determining the expected fiscal
9 impact of bills and resolutions on state government. The legislature
10 also recognizes that developing (~~(such)~~) these statements of fiscal
11 impact(~~(, which shall be known as fiscal notes,)~~) requires the
12 designation of a state agency to be principally responsible
13 (~~(therefor)~~) for the statements. The statements are to be known as
14 fiscal notes and dynamic fiscal impact statements.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.88A RCW
16 to read as follows:

17 (1)(a) For purposes of this chapter, a dynamic fiscal impact
18 statement is: (i) A written statement that includes a dynamic impact

1 estimate of the legislation or proposed legislation; and (ii) contained
2 only in the narrative explanation of the fiscal note and not reflected
3 in the fiscal impact calculation required by RCW 43.88A.020.

4 (b) A dynamic fiscal impact statement must include information on
5 the assumptions that were used in computing the dynamic impact
6 estimate. The dynamic impact estimate should, at a minimum, be based
7 on assumptions of the probable behavioral response of persons directly
8 impacted by the legislation or proposed legislation.

9 (2) By July 1, 2010, the office of financial management must, in
10 consultation with the advisory committee established in section 5 of
11 this act, establish the process and methodology for dynamic fiscal
12 impact statements and dynamic impact estimates.

13 (3) Dynamic fiscal impact statements may be produced only on
14 request from members of the senate ways and means committee, house
15 finance committee, or any successor committee to these committees.

16 (4) Dynamic fiscal impact statements may not be made unless the
17 fiscal note in which it would be contained reflects a positive or
18 negative revenue impact of more than ten million dollars per fiscal
19 year.

20 (5) Requests for dynamic fiscal impact statements must be submitted
21 to the office of financial management at least sixty days before the
22 beginning of a legislative session.

23 (6) Dynamic fiscal impact statements may not be updated when a bill
24 or resolution is substantively amended during a legislative session.
25 If the office of financial management determines that a substantive
26 amendment to a bill or resolution would likely affect the dynamic
27 impact estimate for that bill or resolution, the dynamic fiscal impact
28 statement must be removed from any fiscal note that reflects the
29 amendment.

30 (7) If the dynamic impact estimate would reduce the existing
31 general fund ending balance to less than one percent of current
32 biennial appropriations, the dynamic fiscal impact statement must be
33 excluded from the fiscal note when it is filed as required by RCW
34 43.88A.030.

35 (8) Nothing in this section may be construed to limit the
36 provisions of chapter 43.132 RCW.

37 (9) For purposes of this chapter, "dynamic impact estimate" means
38 an estimate of the net fiscal impact of a bill, resolution, or proposed

1 legislation that takes into account behavioral changes of persons
2 directly impacted by the legislation or proposed legislation and the
3 effect that those behavioral changes may have on the economy as a
4 whole. Dynamic impact estimates may take into consideration factors
5 such as the effects of the legislation or proposed legislation on
6 persons to save, spend, invest, and expand or reduce their business
7 activities in this state.

8 **Sec. 3.** RCW 43.88A.030 and 2008 c 1 s 4 (Initiative Measure No.
9 960) are each amended to read as follows:

10 When a fiscal note is prepared and approved as to form, accuracy,
11 and completeness by the office of financial management, which depicts
12 the expected fiscal impact of a bill or resolution, copies (~~shall~~)
13 must be filed immediately with:

14 (1) The chairperson of the committee to which the bill or
15 resolution was referred upon introduction in the house of origin;

16 (2) The senate committee on ways and means, or its successor; and

17 (3) The house committees on revenue and appropriations, or their
18 successors.

19 Whenever possible, such fiscal note and, in the case of a bill
20 increasing taxes or fees, the cost projection and other information
21 required under RCW 43.135.031 (~~shall~~) must be provided prior to or at
22 the time the bill or resolution is first heard by the committee of
23 reference in the house of origin.

24 When a fiscal note has been prepared for a bill or resolution, a
25 copy of the fiscal note (~~shall~~) must be placed in the bill books or
26 otherwise attached to the bill or resolution and (~~shall~~) must remain
27 with the bill or resolution throughout the legislative process insofar
28 as possible. For bills increasing taxes or fees, the cost projection
29 and other information required by RCW 43.135.031 (~~shall~~) must be
30 placed in the bill books or otherwise attached to the bill or
31 resolution and (~~shall~~) must remain with the bill or resolution
32 throughout the legislative process insofar as possible.

33 **Sec. 4.** RCW 43.88A.040 and 1979 c 151 s 148 are each amended to
34 read as follows:

35 The office of financial management shall also provide a fiscal note
36 on any legislative proposal at the request of any legislator. (~~Such~~)

1 The fiscal note (~~shall~~) must be returned to the requesting
2 legislator, and copies (~~shall~~) must be filed with the appropriate
3 legislative committees pursuant to RCW 43.88A.030 at the time (~~such~~)
4 the proposed legislation is introduced in either house.

5 NEW SECTION. Sec. 5. A new section is added to chapter 43.88A RCW
6 to read as follows:

7 (1) The office of financial management must convene a dynamic
8 fiscal impact statement advisory committee. The sole responsibility of
9 the advisory committee is to assist the office of financial management
10 in establishing the process and methodology for developing dynamic
11 fiscal impact statements and dynamic impact estimates.

12 (2) The advisory committee consists of:

13 (a) Staff from the house of representatives and senate fiscal
14 committees, to be designated by the chairs of the committees;

15 (b) Academic economists representing the state colleges and
16 universities, to be appointed by the director of the office of
17 financial management;

18 (c) Staff from the department of revenue, to be designated by the
19 director of the department of revenue;

20 (d) Staff from the office of the economic and revenue forecast
21 council, to be designated by the executive director of the office of
22 the economic and revenue forecast council;

23 (e) Staff from the office of financial management, to be designated
24 by the director of the office of financial management; and

25 (f) Any other persons appointed by the director of the office of
26 financial management as he or she deems necessary.

27 (3) The office of financial management must provide administrative
28 support to the advisory committee.

29 (4) The advisory committee will meet at the times and places
30 designated by the director of the office of financial management.

31 (5) The director of the office of financial management may dissolve
32 the advisory committee when he or she deems appropriate.

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