

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget
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## Estimated Cash Receipts

NONE

## Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Joint Legislative Audit and Review Committee	.2	35,300	35,300	.4	77,600	77,600	.3	56,400	56,400
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Economic and Revenue Forecast Council	.5	120,742	120,742	1.0	231,484	231,484	1.0	231,484	231,484
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	<b>0.7</b>	<b>\$156,042</b>	<b>\$156,042</b>	<b>1.4</b>	<b>\$309,084</b>	<b>\$309,084</b>	<b>1.3</b>	<b>\$287,884</b>	<b>\$287,884</b>

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Tristan Wise, OFM	<b>Phone:</b> (360) 902-0538	<b>Date Published:</b> Final 4/ 6/2012
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 32572

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 014-Joint Leg. Audit & Review Committee
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.0	0.3	0.2	0.4	0.3
<b>Account</b>					
General Fund-State 001-1	0	35,300	35,300	77,600	56,400
<b>Total \$</b>	0	35,300	35,300	77,600	56,400

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation: John Woolley	Phone: 360 786-5184	Date: 04/04/2012
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 04/04/2012
OFM Review: Jeffrey Showman	Phone: (360) 902-7536	Date: 04/04/2012

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

The bill contains the following components:

- Requires the Legislature to publish a balance sheet demonstrating that General Fund and related funds appropriations will leave, in total, a positive ending fund balance.
- Establishes a budget outlook process in the Economic and Revenue Forecast Council to provide estimates of revenues and expenditures in ensuing biennia.
- Requires the Legislature and Governor to provide updated budget outlooks for their budget proposals.
- Directs the Economic and Revenue Forecast Council to prepare a proposed methodology for preparing the operating budget outlook. A report on the methodology is due by December 1, 2012.
- Directs the Economic and Revenue Forecast Council to prepare a proposed methodology for determining whether the budgets are balanced for current and ensuing biennia. A report on the methodology is due by December 1, 2013.
- Establishes budget outlook workgroup to promote the free flow of information and promote legislative input in preparation of outlooks.
- Requires the Joint Legislative Audit and Review Committee to review and report on the implementation and effectiveness of the budget outlook process. The review must include the accuracy of budget outlook projections compared to actual revenues, caseloads, and expenditures. The report is due December 1, 2022.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The majority of the work related to the required review will take place in 2022 which is outside the calculations of fiscal notes. For planning purposes, JLARC estimates the cost of the review, using current staff and consultant cost estimates, at approximately \$370,000.

This fiscal note reflects that for all the years leading up to the review JLARC will need to monitor compliance with the requirements of the bill, which will include:

- Monitoring the Economic and Revenue Forecast Council's (ERFC) compliance with establishing the various projections required by the bill.
- Monitoring various budgets to determine whether they include the required budget outlooks.

In addition, JLARC will need to establish on-going processes, working with the ERFC and the Budget Outlook Workgroup, to ensure that the accuracy of budget outlooks can be evaluated over time. It is anticipated that JLARC would work in partnership with the Legislative Evaluation and Accountability Program (LEAP) to establish such mechanisms.

\*\*\* All costs contained in this fiscal note relate to the monitoring processes outlined above and do not reflect the costs of conducting the review in 2022. \*\*\*

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2012 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2011-13 costs are calculated at \$14,100 per audit month.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years		0.3	0.2	0.4	0.3
A-Salaries and Wages		23,000	23,000	50,600	36,800
B-Employee Benefits		6,500	6,500	14,300	10,400
C-Personal Service Contracts					
E-Goods and Services		5,300	5,300	11,600	8,400
G-Travel		500	500	1,100	800
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$35,300	\$35,300	\$77,600	\$56,400

#### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2012	FY 2013	2011-13	2013-15	2015-17
Research Analyst	82,404		0.2	0.1	0.3	0.2
Support Staff	49,944		0.1	0.1	0.2	0.1
<b>Total FTE's</b>	132,348		0.3	0.2	0.4	0.3

### Part IV: Capital Budget Impact

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☒ No Fiscal Impact

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 04/04/2012
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 04/04/2012
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 04/04/2012

Request # 161-1

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## **Part IV: Capital Budget Impact**

NONE

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 101-Caseload Forecast Council
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## Part I: Estimates

☒ No Fiscal Impact

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation: John Steiger	Phone: 360-664-9370	Date: 04/05/2012
Agency Approval: John Steiger	Phone: 360-664-9370	Date: 04/05/2012
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 04/05/2012

Request # 12-54-4



## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

HB 2827:

- Requires the Legislature to publish a balance sheet demonstrating that General Fund and related funds appropriations will leave, in total, a positive ending fund balance.
- Establishes a budget outlook process in the Economic and Revenue Forecast Council to provide estimates of revenues and expenditures in ensuing biennia.
- Requires the Legislature and Governor to provide updated budget outlooks for their budget proposals.
- Directs the Economic and Revenue Forecast Council to prepare a proposed methodology for determining whether the budgets are balanced for ensuing biennia.

Section 1 requires that legislative budgets be balanced.

Section 2 directs the Economic and Revenue Forecast Council develop multi-biennial budget outlooks comparing revenues and expenditures. The budget outlook is required to extend out two biennia.

Section 3 requires the ERFC to report to the legislature by December 1, 2012 its proposed methodology to compare revenues and expenditures, along with an analysis applying the proposed methodology to data from FY2000 through FY2011 .

Section 4 requires the ERFC to report to the legislature by December 1, 2013 its proposed methodology to determine that revenues and expenditures are balanced for the current and ensuing biennium.

Section 5 requires the Governor, in submitting operating budget proposals, to identify how the proposal impacts the ERFC budget outlook.

Section 6 establishes a Budget Outlook Workgroup consisting of members from DOR, OFM, the State Treasurer, CFC and Senate and House Ways and Means committees. The purpose of the workgroup to provide technical support to the ERFC in the development of the budget outlook. The workgroup is expected to meet four times a year. Meetings of the workgroup may be called by any member "for any purpose that may assist the council in preparing budget outlooks."

The ERFC is given broad discretion to develop a process and methodology to best create the budget outlook. The ERFC will likely draw on the special expertise of workgroup members and their agencies. The full workload impact on the CFC is difficult to assess in advance of the bill's implementation, but it could be significant.

This fiscal note assumes that the impact on the CFC will be limited to participation in the four workgroup meetings per year. That impact can be absorbed within existing agency resources.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 104-Economic & Revenue Forecast Council
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## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.0	1.0	0.5	1.0	1.0
<b>Account</b>					
General Fund-State 001-1	0	120,742	120,742	231,484	231,484
<b>Total \$</b>	0	120,742	120,742	231,484	231,484

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation: Desiree Carson	Phone: (360) 534-1562	Date: 04/06/2012
Agency Approval: Desiree Carson	Phone: (360) 534-1562	Date: 04/06/2012
OFM Review: See OFM Note	Phone:	Date: 04/06/2012

Request # -3

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill relates to improving state budgeting and planning by requiring a balanced state operating budget for the current biennium and developing a process for balancing the budget over a two-biennium period.

Section 1 adds a new section to chapter 43.88 RCW. It requires when the Legislature enacts any bill that makes appropriations from the state general fund or related funds, they must prepare and publish a balance sheet which demonstrates a positive ending fund balance for that biennium and the following one. When either house approves or reports from committee any bill with an appropriation, it must prepare and publish an updated legislative budget outlook. The requirements for the budget outlooks are outlined in this section.

These requirements will begin with appropriations from the general fund or related funds for the 2013-2015 fiscal biennium and any period thereafter. The requirements under subsection (1) do not apply to appropriation bills that reduce the total general or related funds or increase the ending general or related funds balances; and are enacted between July 1 and February 15 of any fiscal year.

Section 2 of this bill adds a new chapter to 82.33 RCW. It requires that the Economic and Forecast Council prepare on its website a multiyear budget outlook for state operating budget revenues and expenditures each January.

The requirements of this outlook are outlined in this section. Within a certain period after enactment of the legislative biennial or supplemental operating budget, the council must update the budget to reflect the enacted budget and other relevant enacted legislation.

Section 2 also requires that all state agencies provide the council with immediate access to all information relating to revenues.

Section 3 of this bill adds a new section to chapter 82.33 RCW. It requires the Economic and Forecast Council develop and report on the methodology for the budget outlook required under Section 2 of this act to the Office of Financial Management (OFM) by December 1, 2012.

Section 4 of this bill adds a new section to chapter 82.33 RCW. It requires the Economic and Forecast Council to prepare and present to the Legislature and OFM a proposed methodology for determining whether state operating and related fund appropriations and revenues are balanced for the current and following fiscal biennia. This must be done by December 1, 2013.

Section 5 of this bill adds a new section to chapter 43.88 RCW. It requires that the Governor submit an operating budget outlook when submitting the Governor's operating budget proposal. This section also requires the outlook submitted by the Governor to indicate how any proposed legislation affecting expenditures or revenues affects the outlook under section 2 of the act. This is to begin with budget documents submitted in December 2013.

Section 6 of this act creates the Budget Outlook Workgroup to help prepare the budget outlooks required in Section 2

of this act. This adds a new chapter to 82.33 RCW. The duties and proposed members of the workgroup are outlined in this section.

Section 7 of this act amends RCW 82.33.010. It adds the state treasurer to the Economic and Forecast Council membership. It also adds the duties and processes of preparing state budget outlooks to the duties of the council.

Section 8 requires that the Joint Legislative Audit and Review Committee review and report on the effectiveness of the budget outlook process established in sections 1, 2, and 5 of this act. A report must be provided to the Legislature by December 1, 2022.

This act has an effective date of 90 days after adjournment and expires on July 1, 2023.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

ERFC, with the assistance of the Budget Outlook Work Group, will prepare and publish a multibiennium budget outlook for state operating budget revenues and expenditures to inform policy makers and the public by projecting and comparing estimates of revenues and expenditures for ensuing fiscal biennia. This is not a current function of ERFC. In order for the agency to satisfy the terms of this bill it will require additional staff and data resources.

ERFC will utilize members of a newly formed Budget Outlook Workgroup to technically assist in preparing the state budget outlooks. The state budget outlook will be the product of the Budget Outlook Work Group and not an official ERFC document.

The agency will require an additional staff member to meet the requirement to forecast continuation of current programs, forecasted growth of current entitlement programs, and actions required by law, including legislation with a future implementation dates. The agency will require a Senior Level Economist, with strong statistical skills and econometric modeling experience, to oversee general fund and related funds expenditure forecasts. This Senior Level Economist will be required to facilitate the Budget Outlook Work Group meetings, coordinate the preparation of the expenditure forecast and documents for approval of the Economic and Revenue Forecast Council. In addition, this position will be required to coordinate with Work Group members to evaluate assumptions and models used in the preparation of data. ERFC may request changes to existing models or the development of new models to achieve the desired results. ERFC will utilize the expertise of Work Group members in the development of such models and may task Work Group members in this area. The requirement to forecast continuation of current programs, forecasted growth of current entitlement programs, and actions required by law, including legislation with a future implementation date the agency. The Senior Economist will assist in producing alternative scenarios as requested by the Economic and Revenue Forecast Council members.

Last, in order to develop the electronic delivery system for the publications and reports required, the agency will need to

contract with Department of Enterprise Services to modify existing website. The estimate for updating the website is roughly \$5,000 to update.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years		1.0	0.5	1.0	1.0
A-Salaries and Wages		80,000	80,000	160,000	160,000
B-Employee Benefits		24,096	24,096	48,192	48,192
C-Personal Service Contracts		5,000	5,000		
E-Goods and Services		5,844	5,844	11,688	11,688
G-Travel					
J-Capital Outlays		5,802	5,802	11,604	11,604
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-N/A					
<b>Total:</b>	\$0	\$120,742	\$120,742	\$231,484	\$231,484

#### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2012	FY 2013	2011-13	2013-15	2015-17
Senior Economist	80,000		1.0	0.5	1.0	1.0
<b>Total FTE's</b>	80,000		1.0	0.5	1.0	1.0

### Part IV: Capital Budget Impact

NONE

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation: Pam Davidson	Phone: 360-902-0550	Date: 04/04/2012
Agency Approval: Pam Davidson	Phone: 360-902-0550	Date: 04/04/2012
OFM Review: Tristan Wise	Phone: (360) 902-0538	Date: 04/04/2012

Request # 087-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 6 creates the Budget Outlook Work Group to provide technical support to the Economic and Revenue Forecast Council in preparing the budget outlook under Section 2. The Office of Financial Management (OFM) currently prepares periodic Budget Outlooks based on the Governor's budget proposals and enacted budgets. OFM will continue to work on these outlooks as part of the Budget Outlook Work Group. Given that the Outlooks will be required multiple times per year with this bill, workload will increase to some extent, but OFM will absorb any additional cost.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## Part IV: Capital Budget Impact

NONE

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2827 HB	<b>Title:</b> Balanced budget	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Kristen Fraser	Phone: 360-786-7148	Date: 04/03/2012
Agency Preparation:	Gerald Sayler	Phone: 360-534-1517	Date: 04/04/2012
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 04/04/2012
OFM Review:	Cherie Berthon	Phone: 360-902-0659	Date: 04/04/2012

Request # 2827-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill relates to improving state budgeting and planning by requiring a balanced state operating budget for the current biennium and developing a process for balancing the budget over a two-biennium period.

Section 1 adds a new section to chapter 43.88 RCW. It requires when the Legislature enacts any bill that makes appropriations from the state general fund or related funds, they must prepare and publish a balance sheet which demonstrates a positive ending fund balance for that biennium and the following one. When either house approves or reports from committee any bill with an appropriation, it must prepare and publish an updated legislative budget outlook. The requirements for the budget outlooks are outlined in this section.

These requirements will begin with appropriations from the general fund or related funds for the 2013-2015 fiscal biennium and any period thereafter. The requirements under subsection (1) do not apply to appropriation bills that reduce the total general or related funds or increase the ending general or related funds balances; and are enacted between July 1 and February 15 of any fiscal year.

Section 2 of this bill adds a new chapter to 82.33 RCW. It requires that the Economic and Forecast Council prepare on its website a multiyear budget outlook for state operating budget revenues and expenditures each January.

The requirements of this outlook are outlined in this section. Within a certain period after enactment of the legislative biennial or supplemental operating budget, the council must update the budget to reflect the enacted budget and other relevant enacted legislation.

Section 2 also requires that all state agencies provide the council with immediate access to all information relating to revenues.

Section 3 of this bill adds a new section to chapter 82.33 RCW. It requires the Economic and Forecast Council develop and report on the methodology for the budget outlook required under Section 2 of this act to the Office of Financial Management (OFM) by December 1, 2012.

Section 4 of this bill adds a new section to chapter 82.33 RCW. It requires the Economic and Forecast Council to prepare and present to the Legislature and OFM a proposed methodology for determining whether state operating and related fund appropriations and revenues are balanced for the current and following fiscal biennia. This must be done by December 1, 2013.

Section 5 of this bill adds a new section to chapter 43.88 RCW. It requires that the Governor submit an operating budget outlook when submitting the Governor's operating budget proposal. This section also requires the outlook submitted by the Governor to indicate how any proposed legislation affecting expenditures or revenues affects the outlook under section 2 of the act. This is to begin with budget documents submitted in December 2013.

Section 6 of this act creates the Budget Outlook Workgroup to help prepare the budget outlooks required in Section 2 of this act. This adds a new chapter to 82.33 RCW. The duties and proposed members of the workgroup are outlined in this section.

Section 7 of this act amends RCW 82.33.010. It adds the state treasurer to the Economic and Forecast Council

membership. It also adds the duties and processes of preparing state budget outlooks to the duties of the council.

Section 8 requires that the Joint Legislative Audit and Review Committee review and report on the effectiveness of the budget outlook process established in sections 1, 2, and 5 of this act. A report must be provided to the Legislature by December 1, 2022.

This act has an effective date of 90 days after adjournment and expires on July 1, 2023.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

There is no revenue impact as a result of this legislation.

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing*

The Department of Revenue will not incur any costs with the implementation of this legislation.

## **Part III: Expenditure Detail**

## **Part IV: Capital Budget Impact**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

None.

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

No rule-making required.