
HOUSE BILL 2225

State of Washington

66th Legislature

2020 Regular Session

By Representative Walsh

Prefiled 12/09/19.

1 AN ACT Relating to the creation of the legislative budget office
2 to provide fiscal notes on proposed legislation; amending RCW
3 2.56.120, 28A.300.0401, 29A.72.025, 43.41.110, 43.88A.020,
4 43.88A.030, 43.88A.040, 43.132.020, 43.132.030, 43.132.040,
5 43.132.050, and 43.132.810; reenacting and amending RCW 44.04.260;
6 adding a new chapter to Title 44 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that Article II,
9 section 1 of the state Constitution vests the legislative authority
10 of the state of Washington in the legislature. Additionally, the
11 legislature finds that a conflict of interest exists when the fiscal
12 impact of proposed legislation is provided by an executive agency
13 created under the office of the governor and the proposed legislation
14 would restrict or limit the powers of the executive branch.
15 Accordingly, the legislature finds that the analysis of any
16 associated costs of proposed legislation rightfully belongs within a
17 nonpartisan office of the legislative branch. Therefore, the
18 legislature intends to create a nonpartisan legislative budget office
19 to provide fiscal notes for proposed legislation and provide
20 oversight of the legislative fiscal analysis performed by the
21 executive branch.

1 NEW SECTION. **Sec. 2.** The legislative budget office is created
2 as a nonpartisan agency within the legislative branch. The executive
3 head of the office is the legislative budget director, who must be
4 qualified by education and experience in the fields of finance and
5 government.

6 NEW SECTION. **Sec. 3.** (1) The legislative budget director
7 appointment committee is created. The committee consists of:

8 (a) The chair and ranking minority member of the house of
9 representatives appropriations committee; and

10 (b) The chair and ranking minority member of the senate ways and
11 means committee.

12 (2) The legislative budget director appointment committee is
13 jointly chaired by the chair of the house of representatives
14 appropriations committee and the chair of the senate ways and means
15 committee.

16 (3) The legislative budget director appointment committee shall
17 appoint or remove the legislative budget director by at least a
18 three-fourths vote of the committee. When considering the appointment
19 or removal of the legislative budget director, the appointment
20 committee must consult with the chief clerk of the house of
21 representatives, the secretary of the senate, and other interested
22 parties.

23 (4) The legislative budget director appointment committee must be
24 convened by the chairs of the house of representatives appropriations
25 committee and the senate ways and means committee:

26 (a) Whenever the position of legislative budget director becomes
27 vacant; or

28 (b) Upon the written request of any two members of the
29 appointment committee.

30 NEW SECTION. **Sec. 4.** The legislative budget director has the
31 authority to select and employ such research, technical, and clerical
32 personnel and consultants as the director deems necessary, whose
33 salaries are fixed by the director and approved by the legislative
34 budget director appointment committee, and who are exempt from the
35 provisions of the state civil service law, chapter 41.06 RCW.

1 NEW SECTION. **Sec. 5.** The legislative budget office has the
2 power and duty to provide fiscal notes depicting the expected fiscal
3 impact of proposed legislation in accordance with chapter 43.88A RCW.

4 **Sec. 6.** RCW 2.56.120 and 2005 c 282 s 8 are each amended to read
5 as follows:

6 (1) The administrative office of the courts, in cooperation with
7 appropriate legislative committees and legislative staff, shall
8 establish a procedure for the provision of judicial impact notes on
9 the effect legislative bills will have on the workload and
10 administration of the courts of this state. The administrative office
11 of the courts and the (~~office of financial management~~) legislative
12 budget office shall coordinate the development of judicial impact
13 notes with the preparation of fiscal notes under chapters 43.88A and
14 43.132 RCW.

15 (2) The administrative office of the courts shall provide a
16 judicial impact note on any legislative proposal at the request of
17 any legislator. The note shall be provided to the requesting
18 legislator and copies filed with the appropriate legislative
19 committees in accordance with subsection (3) of this section when the
20 proposed legislation is introduced in either house.

21 (3) When a judicial impact note is prepared and approved by the
22 administrative office of the courts, copies of the note shall be
23 filed with:

24 (a) The chairperson of the committee to which the bill was
25 referred upon introduction in the house of origin;

26 (b) The senate committee on ways and means;

27 (c) The house of representatives committee on ways and means;

28 (d) The senate judiciary committee;

29 (e) The house of representatives judiciary committee; and

30 (f) The (~~office of financial management~~) legislative budget
31 office.

32 (4) This section shall not prevent either house of the
33 legislature from acting on any bill before it as otherwise provided
34 by the state Constitution, by law, and by the rules and joint rules
35 of the senate and house of representatives, nor shall the lack of any
36 judicial impact note as provided in this section or any error in the
37 accuracy thereof affect the validity of any measure otherwise duly
38 passed by the legislature.

1 **Sec. 7.** RCW 28A.300.0401 and 2011 c 140 s 3 are each amended to
2 read as follows:

3 (1) The office of the superintendent of public instruction shall,
4 where it is practicable to do so within available resources, prepare
5 school district fiscal notes on proposed legislation that increases
6 or decreases, or tends to increase or decrease, school district
7 revenues or expenditures in a manner that uniquely affects school
8 districts. Proposed legislation that uniquely affects school
9 districts includes, but is not limited to, legislation that affects
10 school districts' responsibilities as providers of educational
11 services under this title, as employers under chapter 41.59 RCW, or
12 as excess levy taxing authorities under RCW 84.52.053 and 84.52.0531,
13 but excludes proposed legislation that affects school districts only
14 in the same manner that it affects other units of local government.

15 (2) Where practicable, the school district fiscal note shall show
16 the fiscal impact of the proposed legislation on each school
17 district. Where it is not practicable to do so, the school district
18 fiscal note shall show the effect of the legislation on a range of
19 representative school districts. The fiscal note must set forth any
20 assumptions that were used in selecting the representative districts,
21 along with any other assumptions made about the fiscal impact.

22 (3) School district fiscal notes prepared under this section are
23 subject to coordination by the (~~office of financial management~~)
24 legislative budget office under RCW 43.88A.020 and are otherwise
25 subject to the requirements and procedures of chapter 43.88A RCW.

26 **Sec. 8.** RCW 29A.72.025 and 2009 c 415 s 7 are each amended to
27 read as follows:

28 The (~~office of financial management~~) legislative budget office,
29 in consultation with the secretary of state, the attorney general,
30 and any other appropriate state or local agency, shall prepare a
31 fiscal impact statement for each of the following state ballot
32 measures: (1) An initiative to the people that is certified to the
33 ballot; (2) an initiative to the legislature that will appear on the
34 ballot; (3) an alternative measure appearing on the ballot that the
35 legislature proposes to an initiative to the legislature; (4) a
36 referendum bill referred to voters by the legislature; and (5) a
37 referendum measure appearing on the ballot. Fiscal impact statements
38 must be written in clear and concise language, avoid legal and
39 technical terms when possible, and be filed with the secretary of

1 state no later than the tenth day of August. Fiscal impact statements
2 may include easily understood graphics.

3 A fiscal impact statement must describe any projected increase or
4 decrease in revenues, costs, expenditures, or indebtedness that the
5 state or local governments will experience if the ballot measure were
6 approved by state voters. Where appropriate, a fiscal impact
7 statement may include both estimated dollar amounts and a description
8 placing the estimated dollar amounts into context. A fiscal impact
9 statement must include both a summary of not to exceed one hundred
10 words and a more detailed statement that includes the assumptions
11 that were made to develop the fiscal impacts.

12 Fiscal impact statements must be available online from the
13 secretary of state's web site and included in the state voters'
14 pamphlet. Additional information may be posted on the web site of the
15 (~~office of financial management~~) legislative budget office.

16 **Sec. 9.** RCW 43.41.110 and 2011 1st sp.s. c 43 s 510 are each
17 amended to read as follows:

18 The office of financial management shall:

19 (1) Provide technical assistance to the governor and the
20 legislature in identifying needs and in planning to meet those needs
21 through state programs and a plan for expenditures.

22 (2) Perform the comprehensive planning functions and processes
23 necessary or advisable for state program planning and development,
24 preparation of the budget, inter-departmental and inter-governmental
25 coordination and cooperation, and determination of state capital
26 improvement requirements.

27 (3) Provide assistance and coordination to state agencies and
28 departments in their preparation of plans and programs.

29 (4) Provide general coordination and review of plans in
30 functional areas of state government as may be necessary for receipt
31 of federal or state funds.

32 (5) Participate with other states or subdivisions thereof in
33 interstate planning.

34 (6) Encourage educational and research programs that further
35 planning and provide administrative and technical services therefor.

36 (7) Carry out the provisions of RCW 43.62.010 through 43.62.050
37 relating to the state census.

38 (8) Be the official state participant in the federal-state
39 cooperative program for local population estimates and as such

1 certify all city and county special censuses to be considered in the
2 allocation of state and federal revenues.

3 (9) Be the official state center for processing and dissemination
4 of federal decennial or quinquennial census data in cooperation with
5 other state agencies.

6 (10) Be the official state agency certifying annexations,
7 incorporations, or disincorporations to the United States bureau of
8 the census.

9 (11) Review all United States bureau of the census population
10 estimates used for federal revenue sharing purposes and provide a
11 liaison for local governments with the United States bureau of the
12 census in adjusting or correcting revenue sharing population
13 estimates.

14 ~~(12) ((Provide fiscal notes depicting the expected fiscal impact
15 of proposed legislation in accordance with chapter 43.88A RCW.~~

16 ~~(13))~~ Be the official state agency to estimate and manage the
17 cash flow of all public funds as provided in chapter 43.88 RCW. To
18 this end, the office shall adopt such rules as are necessary to
19 manage the cash flow of public funds.

20 **Sec. 10.** RCW 43.88A.020 and 2011 c 140 s 1 are each amended to
21 read as follows:

22 The ~~((office of financial management))~~ legislative budget office
23 shall, in cooperation with appropriate legislative committees and
24 legislative staff, establish a procedure for the provision of fiscal
25 notes on the expected impact of bills and resolutions which increase
26 or decrease or tend to increase or decrease state government revenues
27 or expenditures. Such fiscal notes shall indicate by fiscal year the
28 impact for the remainder of the biennium in which the bill or
29 resolution will first take effect as well as a cumulative forecast of
30 the fiscal impact for the succeeding four fiscal years. Fiscal notes
31 shall separately identify the fiscal impacts on the operating and
32 capital budgets. Estimates of fiscal impacts shall be calculated
33 using the procedures contained in the fiscal note instructions issued
34 by the ~~((office of financial management))~~ legislative budget office.

35 In establishing the fiscal impact called for pursuant to this
36 chapter, the ~~((office of financial management))~~ legislative budget
37 office shall coordinate the development of fiscal notes with all
38 state agencies affected.

1 The preparation and dissemination of the ongoing cost projections
2 and other requirements of RCW 43.135.031 for bills increasing taxes
3 or fees shall take precedence over fiscal notes.

4 For proposed legislation that uniquely affects school districts,
5 in addition to any fiscal note prepared under this chapter, a school
6 district fiscal note must be prepared under the process established
7 in RCW 28A.300.0401.

8 **Sec. 11.** RCW 43.88A.030 and 2008 c 1 s 4 are each amended to
9 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~~)
12 legislative budget office, which depicts the expected fiscal impact
13 of a bill or resolution, copies shall 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 be provided prior to or at the
22 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 be placed in the bill books or
26 otherwise attached to the bill or resolution and shall remain with
27 the bill or resolution throughout the legislative process insofar as
28 possible. For bills increasing taxes or fees, the cost projection and
29 other information required by RCW 43.135.031 shall be placed in the
30 bill books or otherwise attached to the bill or resolution and shall
31 remain with the bill or resolution throughout the legislative process
32 insofar as possible.

33 **Sec. 12.** RCW 43.88A.040 and 1979 c 151 s 148 are each amended to
34 read as follows:

35 The (~~office of financial management~~) legislative budget office
36 shall also provide a fiscal note on any legislative proposal at the
37 request of any legislator. Such fiscal note shall be returned to the
38 requesting legislator, and copies shall be filed with the appropriate

1 legislative committees pursuant to RCW 43.88A.030 at the time such
2 proposed legislation is introduced in either house.

3 **Sec. 13.** RCW 43.132.020 and 2011 c 140 s 2 are each amended to
4 read as follows:

5 The (~~director of financial management~~) legislative budget
6 director or the director's designee shall, in cooperation with
7 appropriate legislative committees and legislative staff, establish a
8 mechanism for the determination of the fiscal impact of proposed
9 legislation which if enacted into law would directly or indirectly
10 increase or decrease revenues received or expenditures incurred by
11 counties, cities, towns, or any other units of local government. For
12 purposes of this section, "unit of local government" includes school
13 districts to the extent that the proposed legislation affects school
14 districts in the same manner as it affects other units of local
15 government. Where proposed legislation uniquely affects school
16 districts, a school district fiscal note must be prepared under the
17 process established in RCW 28A.300.0401. The (~~office of financial~~
18 ~~management~~) legislative budget office shall, when requested by a
19 member of the state legislature, report in writing as to such fiscal
20 impact and said report shall be known as a "fiscal note".

21 Such fiscal notes shall indicate by fiscal year the total impact
22 on the local governments involved for the first two years the
23 legislation would be in effect and also a cumulative six year
24 forecast of the fiscal impact. Where feasible and applicable, the
25 fiscal note also shall indicate the fiscal impact on each individual
26 county or on a representative sampling of cities, towns, or other
27 units of local government.

28 A fiscal note as defined in this section shall be provided only
29 upon request of any member of the state legislature. A request for a
30 fiscal note on legislation shall be considered to be a continuing
31 request for a fiscal note on any formal alteration of the legislation
32 in the form of amendments to the legislation that are adopted by a
33 committee or a house of the legislature or a substitute version of
34 such legislation that is adopted by a committee and preparation of
35 the fiscal note on the prior version of the legislation shall stop,
36 unless the legislator requesting the fiscal note specifies otherwise
37 or the altered version is first adopted or enacted in the last week
38 of a legislative session.

1 Fiscal notes shall be completed within one week of the request
2 unless a longer time period is allowed by the requesting legislator.
3 In the event a fiscal note has not been completed within one week of
4 a request, a daily report shall be prepared for the requesting
5 legislator by the (~~director of financial management which report~~)
6 legislative budget director that summarizes the progress in preparing
7 the fiscal note. If the request is referred to the director of
8 commerce, the daily report shall also include the date and time such
9 referral was made.

10 **Sec. 14.** RCW 43.132.030 and 1995 c 399 s 80 are each amended to
11 read as follows:

12 The (~~director of financial management~~) legislative budget
13 director is hereby empowered to designate the director of
14 (~~community, trade, and economic development~~) the department of
15 commerce as the official responsible for the preparation of fiscal
16 notes authorized and required by this chapter. It is the intent of
17 the legislature that when necessary the resources of other state
18 agencies, appropriate legislative staffs, and the various
19 associations of local government may be employed in the development
20 of such fiscal notes.

21 **Sec. 15.** RCW 43.132.040 and 2000 c 182 s 3 are each amended to
22 read as follows:

23 When a fiscal note is prepared and approved as to form and
24 completeness by the (~~director of financial management~~) legislative
25 budget director, the director shall transmit copies immediately to:

26 (1) The requesting legislator;

27 (2) With respect to proposed legislation held by the senate, the
28 chairperson of the committee which holds or has acted upon the
29 proposed legislation, the chairperson of the ways and means committee
30 or equivalent committees with jurisdiction over matters normally
31 considered by a ways and means committee, the chairperson of the
32 local government committee or equivalent committee that considers
33 local government matters, and the secretary of the senate; and

34 (3) With respect to proposed legislation held by the house of
35 representatives, the chairperson of the committee which holds or has
36 acted upon the proposed legislation, the chairpersons of the ways and
37 means committee or equivalent committees with jurisdiction over
38 matters normally considered by a ways and means committee, the

1 chairperson of the local government committee or equivalent committee
2 that considers local government matters, and the chief clerk of the
3 house of representatives.

4 **Sec. 16.** RCW 43.132.050 and 1986 c 158 s 19 are each amended to
5 read as follows:

6 The (~~office of financial management~~) legislative budget office
7 may make additional copies of the fiscal note available to members of
8 the legislature and others on request.

9 At the request of any member of the senate or house of
10 representatives, whichever is considering the proposed legislation,
11 and unless it is prohibited by the rules of the body, copies of the
12 fiscal note or a synopsis thereof shall be placed on the members'
13 desks at the time the proposed legislation takes its place on the
14 second reading calendar.

15 Whenever proposed legislation accompanied by such a fiscal note
16 is passed by either the senate or the house of representatives, the
17 fiscal note shall be transmitted with the bill to the other house.

18 **Sec. 17.** RCW 43.132.810 and 2000 c 182 s 6 are each amended to
19 read as follows:

20 The (~~office of financial management~~) legislative budget office,
21 in consultation with the department of (~~community, trade, and~~
22 ~~economic development~~) commerce, shall prepare a report for the
23 legislature on or before December 31st of every even-numbered year on
24 local government fiscal notes, and reports on the fiscal impacts on
25 local governments arising from selected laws, that were prepared over
26 the preceding two-year period.

27 **Sec. 18.** RCW 44.04.260 and 2012 c 229 s 204 and 2012 c 113 s 6
28 are each reenacted and amended to read as follows:

29 The joint legislative audit and review committee, the joint
30 transportation committee, the select committee on pension policy, the
31 legislative evaluation and accountability program committee, the
32 office of legislative support services, the joint higher education
33 committee, legislative budget office, and the joint legislative
34 systems committee are subject to such operational policies,
35 procedures, and oversight as are deemed necessary by the facilities
36 and operations committee of the senate and the executive rules
37 committee of the house of representatives to ensure operational

1 adequacy of the agencies of the legislative branch. As used in this
2 section, "operational policies, procedures, and oversight" includes
3 the development process of biennial budgets, contracting procedures,
4 personnel policies, and compensation plans, selection of a chief
5 administrator, facilities, and expenditures. This section does not
6 grant oversight authority to the facilities and operations committee
7 of the senate over any standing committee of the house of
8 representatives or oversight authority to the executive rules
9 committee of the house of representatives over any standing committee
10 of the senate.

11 NEW SECTION. **Sec. 19.** Sections 2 through 5 of this act
12 constitute a new chapter in Title 44 RCW.

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