



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes

Budget Outlook

January 17, 2017

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

John Braun, Senate

Kevin Ranker, Senate

Terry Nealey, House of Representatives (via phone)

Timm Ormsby, House of Representatives

Duane Davidson, Treasurer

David Schumacher, Office of Financial Management

Vikki Smith, Department of Revenue

Staff

Steve Lerch, Executive Director

Budget Outlook Work Group

representatives:

Michael Bezanson, Senate

Andy Toulon, House

Pam Davidson, OFM

Call to Order

Director Schumacher called the meeting to order at 10:07 a.m.

Governance

Representative Ormsby moved to nominate Senator Ranker for the chair position of the Economic and Revenue Forecast Council, seconded by Senator Braun. Motion unanimously approved at 10:08 a.m.

Approval of the Minutes

Representative Ormsby moved to adopt the meeting minutes from November 16, 2016, seconded by Director Smith. Motion unanimously approved at 10:09 a.m.

Presentation on Budget Outlook

Pam Davidson, Andy Toulon, and Michael Bezanson requested guidance from the council as they prepare the outlook on the Governor's proposed budget regarding the federal remote sales tax legislation included in the Governor's proposed budget. The Governor's budget assumes that by Fiscal Year 2020, Congress will approve national remote sales tax legislation estimated by the Department of Revenue to bring in about \$360 million in the 2019-21 biennium. Discussion ensued regarding a state bill or budget proviso linked to the remote sales tax legislation, concern about including items outside of current law, and the process of inclusion in future budget outlooks.

Motion

Senator Braun moved not to include the national remote sales tax legislation into the budget outlook and to direct Budget Outlook Work Group staff to propose a rule to deal with similar revenue in future outlooks. Director Schumacher seconded the motion. Motion unanimously passed at 10:18 a.m.

Adjournment

Meeting adjourned at 10:18 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes Budget Outlook Adoption

January 23, 2017

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

Kevin Ranker, Senate, Chair (via phone)

John Braun, Senate

Terry Nealey, House of Representatives

Timm Ormsby, House of Representatives

Duane Davidson, Treasurer

Vikki Smith, Department of Revenue

Staff

Steve Lerch, Executive Director

Budget Outlook Work Group

representatives:

Michael Bezanson, Senate

Andy Toulon, House

Pam Davidson, OFM

Call to Order

Representative Ormsby called the meeting to order at 10:04 a.m.

Approval of the Minutes

Director Smith moved, seconded by Representative Nealey, to adopt the meeting minutes from January 17, 2017. Motion passed at 10:04 a.m.

Presentation on Budget Outlook

Michael Bezanson, Andy Toulon, and Pam Davidson provided an overview of the methodology for the State Budget Outlook (January 2017).

Motion to Adopt the Budget Outlook

Senator Braun moved, seconded by Director Smith to adopt the outlook on the Governor's new law budget. Motion passed at 10:15 a.m.

Presentation on Criteria

The Budget Outlook Work Group provided information on criteria for use of future biennia resources from an expected federal act per the request of ERFC members on January 17, 2017.

Senator Braun moved to apply the current ERFC criteria for assuming state revenue redirections and transfers of existing state revenues to assumptions for estimated revenue changes from a federal act, seconded by Treasurer Davidson. Motion passed unanimously at 10:22 a.m.

Adjournment

Meeting adjourned at 10:22 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

**Meeting Minutes
Economic Review**

March 2, 2017

John A Cherberg, Senate Hearing Room 3

Revised and adopted on March 16, 2017

Economic and Revenue Forecast Council

Members Present

Kevin Ranker, Senate, Chair

John Braun, Senate

Terry Nealey, House of Representatives

David Schumacher, Office of Financial
Management

Vikki Smith, Department of Revenue

Duane Davidson, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Senator Ranker called the meeting to order at 10:01 a.m.

Motion

Director Schumacher made a motion to approve the meeting minutes from the January 23, 2017 meeting, seconded by Representative Nealey. Council approved the motion at 10:02 a.m.

Presentation on the Economic Forecast

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding small business optimism, labor productivity and employment, and uncertainty around the cannabis industry.

Adjournment

Meeting adjourned at 10:20 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes Revenue Review

March 16, 2017

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

Kevin Ranker, Senator, Chair
John Braun, Senator
Terry Nealey, House of Representatives (via phone)
Timm Ormsby, House of Representatives
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management
Duane Davidson, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Senator Ranker called the meeting to order at 10:01 a.m.

Motion

Treasurer Davidson made one correction to the members present in the meeting minutes from March 2, 2017. Representative Ormsby moved, seconded by Treasurer Davidson, to approve the amended meeting minutes. Council approved the motion at 10:02 a.m.

Forecast Presentation

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding total revenue through 2021 and detail on revenue act sources above the November forecast.

Motion

Director Schumacher moved, seconded by Director Smith, to adopt the baseline revenue forecast. Council unanimously approved the motion at 10:20 a.m.

Adjournment

Meeting adjourned at 10:21 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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Meeting Minutes Economic Review

June 7, 2017

John A Cherberg, Senate Hearing Room 3

Economic and Revenue Forecast Council

Members Present

John Braun, Senate

Terry Nealey, House of Representatives (via phone)

Timm Ormsby, House of Representatives

David Schumacher, Office of Financial Management

Vikki Smith, Department of Revenue

Duane Davidson, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Director Schumacher called the meeting to order at 10:07 a.m.

Motion

Director Smith made a motion to approve the meeting minutes from the March 16, 2017 meeting, seconded by Representative Ormsby. Council approved the motion at 10:08 a.m.

Presentation on the Economic Forecast

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies.

Adjournment

Meeting adjourned at 10:21 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

**Meeting Minutes
Revenue Review**

June 20, 2017

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

John Braun, Senator
Terry Nealey, House of Representatives (via phone)
Timm Ormsby, House of Representatives
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management
Duane Davidson, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Director Schumacher called the meeting to order at 10:02 a.m.

Motion

Representative Ormsby made a motion to approve the meeting minutes from the June 7, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:02 a.m.

Forecast Presentation

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. There was a brief discussion regarding future Federal Reserve interest rate increases in the forecast.

Motion

Representative Ormsby moved, seconded by Director Smith, to adopt the baseline revenue forecast. Council unanimously approved the motion at 10:14 a.m.

Adjournment

Meeting adjourned at 10:14 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes Budget Outlook Adoption

July 28, 2017

John A. Cherberg, Hearing Room 2

Economic and Revenue Forecast Council

Members Present

John Braun, Senate (via phone)

Terry Nealey, House of Representatives

Timm Ormsby, House of Representatives (via phone)

Duane Davidson, Treasurer

David Schumacher, OFM

Staff

Steve Lerch, Executive Director

Budget Outlook Work Group

representatives:

Andy Toulon, House

Amanda Cecil, Senate

Call to Order

Director Schumacher called the meeting to order at 10:32 a.m.

Request for Guidance

Members of the Budget Outlook Work Group requested guidance regarding the Tobacco Arbitration Settlement as outlined in a memo dated July 28, 2017. Discussion ensued among members.

Motion

Representative Ormsby, seconded by Representative Nealey, moved to include the anticipated \$15 million tobacco arbitration award into the official outlook. Motion approved at 10:41 a.m.

Presentation on Budget Outlook

Andy Toulon and Amanda Cecil provided an overview of the methodology for the State Budget Outlook. The presented outlook does include the tobacco arbitration award discussed above.

Motion to Adopt the Budget Outlook

Senator Braun moved, seconded by Representative Nealey, to adopt the outlook on the 2017-19 Operating Budget. Motion passed at 10:50 a.m.

Adjournment

Meeting adjourned at 10:54 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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**Meeting Minutes
Economic Review**

September 6, 2017

John A Cherberg, Senate Hearing Room 3

Economic and Revenue Forecast Council Members

Present

Kevin Ranker, Senate (via phone)
John Braun, Senate (via phone)
Terry Nealey, House of Representatives (via phone)
Timm Ormsby, House of Representatives (via phone)
Duane Davidson, Treasurer
David Schumacher, Office of Financial Management
Vikki Smith, Department of Revenue

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Director Schumacher called the meeting to order at 10:01 a.m.

Motion

Senator Ranker made a motion to approve the meeting minutes from the June 20, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:01 a.m.

Motion

Treasurer Davidson made a motion to approve the meeting minutes from the July 28, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:02 a.m.

Motion

Senator Ranker made a motion to extend the employment contract for the executive director, including 2.5% wage increases in 2017 and 2018 in addition to general wage increases as passed by the legislature. Motion seconded by Director Smith. Council approved the motion at 10:05 a.m.

Presentation on the Economic Forecast

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding house price appreciation data, change in aerospace employment, and medical cannabis sales.

Adjournment

Meeting adjourned at 10:22 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

**Meeting Minutes
Revenue Review**

September 20, 2017

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

Timm Ormsby, House of Representatives
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management
Shawn Myers, Assistant Treasurerⁱ

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

Director Schumacher called the meeting to order at 10:00 a.m.

Forecast Presentation

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued.

Forecast Adoption

Absent a quorum, the forecast submitted by the supervisor of the forecast, Dr. Lerch, will have the same effect as if approved by the Council. The September economic and revenue forecast is adopted upon adjournment.

Adjournment

Meeting adjourned at 10:14 a.m.

ⁱ RCW 43.08.120 Assistant—Deputies—Responsibilities for acts.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

**Meeting Minutes
Economic Review**

November 1, 2017

John A Cherberg, Senate Hearing Room 3

Economic and Revenue Forecast Council Members

Present

John Braun, Senate (via phone)
Terry Nealey, House of Representatives (via phone)
Timm Ormsby, House of Representatives (via phone)
Duane Davidson, Treasurer
David Schumacher, Office of Financial Management
Vikki Smith, Department of Revenue

Staff

Steve Lerch, Executive Director,
ERFC
Andy Toulon, House
Pam Davidson, OFM
Michael Bezanson, Senate

Call to Order

Director Schumacher called the meeting to order at 10:00 a.m.

Motion

Director Smith made a motion to approve the meeting minutes from the September 20, 2017 meeting, seconded by Treasurer Davidson. Council approved the motion at 10:00 a.m.

Motion

Treasurer Davidson made a motion to approve the meeting minutes from the September 6, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:01 a.m.

Preparation for the November Budget Outlook

The State Budget Outlook Work Group provided information on the methodology for the November 2017 Budget Outlook and received the following guidance from the council:

Costs related to fire mobilization in 2017. The Council does want to include estimated fire mobilization costs as a subset to the maintenance level in the November 2017 Outlook.

Trueblood fines from delays in providing forensic mental health services. The Council does want to include an adjustment for Trueblood fine costs through the end of fiscal year 2018 in the November 2017 outlook.

Presentation on the Economic Forecast

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding aerospace employment and personal income revisions.

Adjournment

Meeting adjourned at 10:35 a.m.



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Meeting Minutes Revenue Review

November 20, 2017

John A Cherberg, Senate Hearing Room 3

Economic and Revenue Forecast Council

Members Present

Christine Rolfes, Senate (via phone)
John Braun, Senate
Timm Ormsby, House of Representatives
Terry Nealey, House of Representatives (via phone)
Duane Davidson, Treasurer
David Schumacher, Office of Financial Management
Vikki Smith, Department of Revenue

Staff

Steve Lerch, Executive Director,
ERFC
Andy Toulon, House
Pam Davidson, OFM
Amanda Cecil, Senate

Call to Order

Director Schumacher called the meeting to order at 10:02 a.m.

Motion

Director Smith moved, seconded by Representative Ormsby, to adopt the November 1, 2017 meeting minutes. Motion passed at 10:02 a.m.

Forecast Presentation

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding the U.S. economic forecast assumptions, nonstore retailer employment, and tax growth rates between biennia.

Motion

Representative Ormsby moved, seconded by Director Smith, to adopt the baseline revenue forecast. Council approved the motion at 10:17 a.m.

Budget Outlook Presentation

Members of the Budget Outlook Work Group presented the state budget outlook. Discussion ensued regarding the budget stabilization fund, general state revenues, capital budget, and the typical timing of federal health care funding for the Children's Health Insurance Program.

Motion

Representative Ormsby moved to adopt an official outlook, seconded by Senator Braun. Motion passed at 10:33 a.m.

Adjournment

With no further business, the meeting adjourned at 10:33 a.m.