

## HB 3291 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Action Date:** 04/25/17

**Action:** Do pass and be referred to Ways and Means by prior reference

**Vote:** 9-0-0-0

**Yeas:** 9 - Barnhart, Bentz, Buehler, Hernandez, Johnson, Marsh, Nosse, Smith G, Smith Warner

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Paul Warner, Legislative Revenue Officer

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#### WHAT THE MEASURE DOES:

Directs Department of Administrative Services to prepare a biennial fiscal stress test based on hypothetical negative economic scenarios. In preparing the report, the Department of Administrative Services is to consult with the Legislative Revenue Office and the Legislative Fiscal Office. A report is to be presented to the Legislative Assembly in the last calendar quarter of each even-numbered year.

#### ISSUES DISCUSSED:

- Impact of recent recessions.
- Volatility of General Fund revenue.
- Impact of recessions on demand for state services.

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

The Office of Economic Analysis (Department of Administrative Services) has prepared ranges for revenue forecasts based on statistical confidence intervals in the past. However, the Department of Administrative Services has not formally presented stress test results to the legislature. The Legislative Revenue Office has analyzed possible recession scenarios in terms of General Fund revenue on an informal basis.