Independent Revenue Forecasting Act

Summary

Faulty state revenue forecasts often result in huge budget gaps. Often, these gaps are so big that lawmakers push for tax increases to close the gap. However, proper budgetary procedures such as reliable revenue forecasting can advance the goal of greater honesty in government and budgeting.

This Act provides for a process that will produce accurate, timely estimates of future state revenues and enlists in that process economic and taxation experts of known ability.

Section 1. This Act may be cited as the Independent Revenue Forecasting Act.

Section 2. {Statement of legislative intent.}

WHEREAS, the state has had consistent problems getting the most accurate possible forecasts of its economic future and therefore state spending and revenues; and

WHEREAS, poor budgetary projections lead to large fiscal imbalances and may turn what might have been a manageable problem had it been handled in time into a crisis; and

WHEREAS, the state revenue forecasting process is fraught with opportunities for political gamesmanship;

THEREFORE BE IT RESOLVED that it is the intent of the legislature through this Act to provide for a process that will produce accurate, timely estimates of future state revenues and to enlist in that process economic and taxation experts of known ability.

Section 3. {Construction of the economic forum.}

(A) No later than three months before the convening of each regular session of the legislature, the Governor shall solicit one appointment for the membership on the economic forum from each of the following: the Speaker of the House, the President Pro Tempore of the Senate, the minority leader of the House and the minority leader of the Senate. The appointees shall be experts of demonstrated ability in economic forecasting, have either an academic or professional background in economics, have no vested
interest in particular programs and shall not be state employees. “State employee” shall not be construed to mean an employee of a publicly funded institution of higher education. The Governor shall constitute these appointees, together with an appointee of his choosing (for a total of five), as the economic forum.

(B) In the notification to each appointee of selection to membership on the economic forum, the Governor shall include a statement that it is the Governor's intent and the intent of the legislature that the deliberations of the economic forum represent the best professional judgment of the members, and that any attempt by any person to influence the decisions of the economic forum shall be promptly reported to the appointing authorities.

(C) The economic forum shall select a chair from among its members.

(D) In the notification to the appointees to the economic forum, the Governor shall indicate the economic information to be forecasted and the date by which the forecast is desired. The Governor shall be guided by the recommendations of the technical committee. The economic information shall extend to a time period at least as far in the future as any budgetary matters to be considered by the ensuing session of the legislature.

Section 4. {Technical committee.}

(A) Each person entitled to appoint a member of the economic forum shall also appoint a member of the technical committee. Appointees should be experts of demonstrated ability in economics, have either an academic or professional background in economics and have no vested interest in particular programs. Members of the technical committee may be state employees.

(B) The technical committee shall select a chair from among its members.

(C) The technical committee shall recommend to the Governor the economic variables to be forecasted and the date by which the forecast is desired.

(D) It is the duty of the technical committee to arrive at a consensus for the methodology to be used to prepare the state revenue forecast based upon the economic forecast prepared by the economic forum. The technical committee may request information, data processing support, and other assistance from agencies of the state. State agencies shall comply with reasonable requests made by the technical committee.

(E) No member of the technical committee shall communicate either verbally or in writing with any member of the economic forum on any matter pertinent to the economic forecast during its preparation by the economic forum. Communications pertinent to procedural matters are permitted.

Section 5. {Presentation of forecast.}

(A) No less than three weeks prior to the beginning of a regular session of the legislature, the individuals who have appointed members to the economic forum and the technical committee, or their designees, shall meet in a public meeting to receive reports from those bodies.

(B) No less than 24 hours prior to the public meeting required in Subsection (A), the technical committee shall deliver to persons designated to attend the meeting a copy of the methodology agreed upon by the technical committee.

(C) Subsequent to the delivery of the methodology but no less than 12 hours prior to the time of the convening of the meeting, the chair of the economic forum shall deliver to the chair of the technical committee a copy of the economic forecast agreed upon by the economic forum. The technical committee shall prepare a state revenue forecast using this economic forecast and this methodology.

(D) The agenda for the meeting shall consist of a discussion by the chair of the economic forum of the economic forecast followed by a discussion by the chair of the technical committee of the methodology. The chair of the technical committee shall then present the state revenue forecast.
(E) All state agencies shall use this forecast, or any component thereof, as appropriate, in any budget or other calculations requiring a projection of future state revenues.

Section 6. {Severability clause.}

Section 7. {Repealer clause.} Were your laws repealed?

Section 8. {Effective date.}

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