

## Economic Impact Statement #77

**Recommend:** OPPOSE

**Designated Representatives:** Taheri & Ward

**Summary:** Requires ballot titles to include a summary of economic impact statements

The measure requires all ballot titles to include a summary of the effects on state employment, on state gross domestic product, and on state and local government revenues, expenditures, taxes, and fiscal liabilities.

Anyone can submit economic impact statements. They need to be done by an economist using dynamic modeling, and the assumptions and methodology used reviewed by an expert in the field.

The state chief economist reviews the impact statements for compliance and issues a summary, including the range of all compliant statements.

### **Comments:**

Legislative staff wrote 11 [pages](#) of comments and questions. An excerpt, sometimes paraphrased:

1. How would the objective summary address local government revenues, expenditures, taxes, and fiscal liabilities for measures that are expected to affect different local governments in different ways?
2. The measure requires dynamic modeling. What is “dynamic modeling” and how does it differ from dynamic scoring?
3. Should an economic analysis present impacts for all local jurisdictions together, all local jurisdictions separately, or only some local jurisdictions?
4. The economic analysis is required to be “performed by an economist.” Unlike physicians or attorneys, there is no public certification for an economist. What qualifications, if any, must a person possess to perform an economic analysis, and how must they document that?
5. The assumptions behind the economic analysis must be validated by “an expert in the field.” What is the field, what are the qualifications to be an expert, how is that documented, and who picks the expert?
6. The measure requires dynamic modeling. Dynamic models are often proprietary products subject to user agreements that do not allow for public sharing of their methodology. If an interested party submitting an economic analysis does not allow the chief economist to examine the methodology used to create the analysis, how will the chief economist determine whether the analysis uses dynamic modeling?

7. Commercially available dynamic economic models are complex and rely on the correct calibration of hundreds or thousands of assumptions in order to produce accurate results. Who, if anyone, will ensure that the dynamic model used to prepare an economic analysis is correctly calibrated?

From Maud: Many of us are familiar with the phrase Garbage In, Garbage Out. It definitely applies to economic modeling. This measure is an invitation to mischief on the part of future measure proponents and underqualified and/or unscrupulous economists-for-hire to cook up way too rosy economic impact statements saying the state economy will be wonderful if the measure passes, and get those skewed impacts in the ballot title, with no good checks or balances on what's submitted, giving disinformation to voters.

If the measure proponents wanted legitimate economic impact statements, they should have called for the legislative and/or executive branch economists to produce them.

**Position:** The League of Women Voters of the United States believes that democratic government depends upon informed and active participation at all levels of government.

*LWVUS Impact on Issues 2022-2024 p 52*

- Maud Naroll  
November 21, 2023