

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5973 SB	<b>Title:</b> Sales and use tax on candy
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## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	32,530,000	32,612,000	39,241,000	39,339,000	43,492,000	43,601,000
<b>Total \$</b>	32,530,000	32,612,000	39,241,000	39,339,000	43,492,000	43,601,000

Local Gov. Courts *						
Local Gov. Other **	Fiscal note not available					
Local Gov. Total						

## Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.2	35,600	35,600	.2	18,200	18,200	.2	18,200	18,200
<b>Total</b>	0.2	\$35,600	\$35,600	0.2	\$18,200	\$18,200	0.2	\$18,200	\$18,200

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 11581

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5973 SB	<b>Title:</b> Sales and use tax on candy	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	14,373,000	18,157,000	32,530,000	39,241,000	43,492,000
County Public Health Acct-State 01 - Taxes 01 - Retail Sales Tax	36,000	46,000	82,000	98,000	109,000
<b>Total \$</b>	14,409,000	18,203,000	32,612,000	39,339,000	43,601,000

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
<b>Fund</b>					
GF-STATE-State 001-1	26,500	9,100	35,600	18,200	18,200
<b>Total \$</b>	26,500	9,100	35,600	18,200	18,200

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

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Agency Preparation: Fanny Nyaribo-Roberts	Phone: 360-570-6086	Date: 03/16/2005
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 03/16/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/16/2005

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 expresses the Legislature's intent to promote healthy lifestyles and the need to fund public health programs to promote public health and defend against bioterrorism and disease.

Section 2 amends RCW 82.08.0293 to add candy to the list of items that are excluded from the sales tax exemption provided for food and food ingredients.

Provides a definition for the term "candy." Candy is a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Excludes items containing flour or that require refrigeration from the definition of candy.

Section 3 amends RCW 82.12.0293 to note that use tax applies to the use of candy. Candy has the same meaning as in RCW 82.08.0293.

Section 4 adds a new section to chapter 82.32 RCW providing that the Department will deposit twenty-five one-hundredths of one percent of the revenues collected under RCWs 82.08 and 82.12 into the county public health account in RCW 70.05.125.

Section 4 establishes an effective date of August 1, 2005.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS/DATA SOURCES

Progressive Grocer Sales Figures and Statistics

<http://www.candyusa.org/>

Funds in the County Health Account are a percent of tax revenue from candy sales.

**CURRENTLY REPORTING TAXPAYERS** (Impact for taxpayers who are known or estimated to be currently paying the tax in question)

This bill will increase state revenues by an estimated \$32,612,000 in the 2005-07 Biennium and \$39,339,000 in the 2007-09 Biennium.

Local government revenues will increase by an estimated \$10,035,000 in the 2005-07 Biennium.

Impacts reflect ten months of cash collections in FY 2006 due to the August 1, 2005 effective date.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2006 - \$14,409

FY 2007 - \$18,203

FY 2008 - \$19,164

FY 2009 - \$20,175  
FY 2010 - \$21,240  
FY 2011 - \$22,361

Local Government, if applicable (cash basis, \$000):

FY 2006 - \$4,434  
FY 2007 - \$5,601  
FY 2008 - \$5,897  
FY 2009 - \$6,208  
FY 2010 - \$6,535  
FY 2011 - \$6,879

## II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

To implement this legislation, the Department will incur costs of approximately \$35,600 during the 2005-2007 Biennium. Fiscal Year 2006 costs include:

- 1) 0.03 FTE at the ITAS 4 level (representing 50 hrs) to change the tax system to generate a new total from reports.
- 2) 0.14 FTE at the ETE 3 level (representing 262 hrs) to monitor distributions and respond to questions from local municipalities.
- 3) 0.01 FTE at the Fiscal Tech level (representing 20 hrs) to handle cash management issues.
- 4) 0.01 FTE at the Financial Analyst 5 level (representing 26 hrs) to handle develop and maintain spreadsheets and written procedures.
- 5) \$13,900 for sending a special notice to affected retailers.

The Department will incur ongoing costs of approximately \$18,200 during each of the 2007-09 and 2009-11 Biennia. Ongoing costs relate to FTEs discussed in 2-4 above.

Without an appropriation to cover the expenditure impact, the Department may not be fully able to implement the legislation.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
A-	8.200	6,400	14,600	12,800	12,800
B-	2.000	1,600	3,600	3,200	3,200
E-	15.100	1,100	16,200	2,200	2,200
J-	1.200		1,200		
<b>Total \$</b>	\$26,500	\$9,100	\$35,600	\$18,200	\$18,200

**III. B - Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2006	FY 2007	2005-07	2007-09	2009-11
EXCISE TAX EXAMINER 3	41,520	0.1	0.1	0.1	0.1	0.1
FINANCIAL ANALYST 5	49,380	0.0	0.0	0.0	0.0	0.0
FISCAL TECHNICIAN	27,636	0.0	0.0	0.0	0.0	0.0
INFO TECH APP SPEC 4	51,864	0.0		0.0		
<b>Total FTE's</b>		0.2	0.2	0.2	0.2	0.2

## Part IV: Capital Budget Impact

NONE.

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

We would amend WAC 458-20-244 - Food and food ingredients. No costs because the Department already anticipates amending the rule. Affected persons include consumers and persons making sales of food and food ingredients.