

Multiple Agency Fiscal Note Summary

Bill Number: 6369 SB	Title: Small water systems
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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	(353,000)	(416,000)	(606,000)	(714,000)	(606,000)	(714,000)
Total \$	(353,000)	(416,000)	(606,000)	(714,000)	(606,000)	(714,000)

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	.0	0	0	.0	0	0	.0	0	0
Department of Health	.1	28,000	28,000	.1	23,000	23,000	.1	22,000	22,000
Total	0.1	\$28,000	\$28,000	0.1	\$23,000	\$23,000	0.1	\$22,000	\$22,000

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

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Prepared by: Doug Jenkins, OFM	Phone: 360-902-0563	Date Published: Preliminary 1/24/2006
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 12820

Department of Revenue Fiscal Note

Bill Number: 6369 SB	Title: Small water systems	Agency: 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 05 - Bus and Occup Tax	(11,000)	(67,000)	(78,000)	(134,000)	(134,000)
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax	(39,000)	(236,000)	(275,000)	(472,000)	(472,000)
PubWorks Assist-State 01 - Taxes 35 - Public Utilities Tax	(9,000)	(54,000)	(63,000)	(108,000)	(108,000)
Total \$	(59,000)	(357,000)	(416,000)	(714,000)	(714,000)

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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.

Legislative Contact: Dean Carlson	Phone: (360)786-7305	Date: 01/11/2006
Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 01/17/2006
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 01/17/2006
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/17/2006

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 states that the business and occupation tax does not apply to amounts received for water services supplied by a public utility district, a water-sewer district, or an irrigation district. To qualify for the exemption the district must have less than 1,500 connections and charge a residential water rate exceeding 125 percent of the statewide average rate.

The business and occupation tax also does not apply to water services supplied by a system that is operated or owned by a qualified satellite management agency under RCW 70.116.134 that has less than 200 connections and that charges a residential water rate exceeding 125 percent of the statewide average.

To receive an exemption under this section, the water system or irrigation district shall provide to the Department of Revenue (Department) proof that at least 90 percent or more of the exemption amount is expended to repair, equip, maintain, and upgrade the system. The Department of Health may use rate information provided by the Association of Washington Cities, an association of elected officials, or other municipal association to estimate a statewide residential water rate.

Section 2 states that the public utility tax does not apply to amounts received for water services supplied by a public utility district, a water-sewer district, or an irrigation district. To qualify for the exemption the district must have less than 1,500 connections and charge a residential water rate exceeding 125 percent of the statewide average rate.

Public utility tax also does not apply to water services supplied by a system that is operated or owned by a qualified satellite management agency under RCW 70.116.134 that has less than 200 connections and that charges a residential water rate exceeding 125 percent of the statewide average.

Reporting requirements and the average water rate estimate is the same as under section 1.

Section 3 states that a person who receives an exemption under section 1 or 2 of this act shall make an annual report to the Department detailing the specific capital improvements made to their respective systems utilizing the money made available by the exemption. The report is due by March 31 following the year for which an exemption was claimed or used. This information is not subject to the confidentiality provisions of RCW 82.32.330. If a person fails to submit an annual report, the Department shall declare the amount of taxes exempted for that year to be immediately due and payable with interest, but not penalties. By December 1, 2010, the state House and Senate fiscal committees, with the Department, shall report to the Legislature on the effectiveness of the exemptions under sections 1 and 2 of this act.

Section 4 states an emergency clause with an immediate effective date.

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

Data source: combined excise tax returns.
Industry supplied information.

The effective date of this legislation is assumed to April 1, 2006.

REVENUE ESTIMATES

Most of the public utility tax (PUT) goes to the state general fund. However, certain receipts are earmarked for the public works assistance account which provides financial assistance to local government for maintenance of public works facilities. Twenty percent of the basic 4.7 percent tax on water distribution, and 60 percent of the basic 3.6 percent tax on sewerage collection (both excluding the 7 percent surtax) go to the public works assistance account. It is anticipated that this legislation will result in a loss of approximately \$54,000 in Fiscal Year 2007 from the public works assistance account.

This legislation restores and expands exemptions that expired July 1, 2004. Added to the past exemption are water systems operated by public utility districts (PUDs). The effect of adding PUDs is a loss in general fund revenue of approximately \$64,000 in Fiscal Year 2007.

Section 1. The effect of establishing a business and occupation tax exemption for water-sewer districts, public utility districts, and irrigation districts is a loss in general fund revenue of \$67,000 in Fiscal Year 2007.

Section 2. The effect of establishing a public utility tax exemption for water-sewer districts, public utility districts, and irrigation districts is a loss in general fund revenue of \$236,000 in Fiscal Year 2007.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2006 - \$ (59)
FY 2007 - \$ (357)
FY 2008 - \$ (357)
FY 2009 - \$ (357)
FY 2010 - \$ (357)
FY 2011 - \$ (357)

Local Government (cash basis, \$000): None.

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.

The Department will absorb any costs associated with this legislation. However, should this bill and other similar bills pass, the net impact may result in costs above the level the Department can reasonably absorb. In that event, the Department will need additional resources 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					
Total \$					

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.

The Department would not incur any additional rulemaking costs because WAC 458-20-179 (Public utility tax) is currently being revised, and we would incorporate the information from this bill as necessary.

Individual State Agency Fiscal Note

Bill Number: 6369 SB	Title: Small water systems	Agency: 303-Department of Health
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Fund					
General Fund-State 001-1	17,000	11,000	28,000	23,000	22,000
Total \$	17,000	11,000	28,000	23,000	22,000

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.

Legislative Contact: Dean Carlson	Phone: (360)786-7305	Date: 01/11/2006
Agency Preparation: Ed Baker	Phone: 360-236-3015	Date: 01/11/2006
Agency Approval: Patty Steele	Phone: 360-236-4530	Date: 01/18/2006
OFM Review: Nick Lutes	Phone: 360-902-0570	Date: 01/20/2006

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: The Department of Health (DOH) is required to publish a water rate that equals 125% of the statewide average residential water rate on or before July 1 of each year.

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.

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.

Section 1. Department of Health assumes that it will conduct an annual survey of statewide residential water rates and publish a report by July 1 of each year. In FY06, DOH would use 0.04 FTE Environmental Planner 3. Costs to conduct the survey would be ongoing.

Starting in fiscal year 2006 and continuing in all future years, DOH would use;
0.04 FTE Secretary Senior to design and inform water systems about the web survey and maintain survey data,
0.01 FTE Information Technology Application Specialist 3 to design and maintain a survey site, and
0.06 FTE Environmental Planner 3 to complete and publish the 125% Statewide Average Residential Water Rate report and to provide technical assistance.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries & Wages	7,000	5,000	12,000	10,000	10,000
B-Employee Benefits	2,000	2,000	4,000	4,000	4,000
C-Personal Serv Contr					
E-Goods and Services	5,000	3,000	8,000	6,000	6,000
G-Travel					
J-Capital Outlays	2,000		2,000	1,000	
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimburesement					
T-Intra-Agency Reimbursement	1,000	1,000	2,000	2,000	2,000
Total:	\$17,000	\$11,000	\$28,000	\$23,000	\$22,000

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
Environmental Planner 3	55,718	0.1	0.1	0.1	0.1	0.1
Information Technology	54,102					
Applications Specialist 3						
Secretary Senior	32,541					
Total FTE's		0.1	0.1	0.1	0.1	0.1

Part IV: Capital Budget Impact

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.