

Department of Revenue Fiscal Note

Bill Number: 5799 S SB	Title: Fuel distributors	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.4		0.2		
Fund					
GF-STATE-State 001-1	34,200	2,200	36,400	4,800	4,800
Total \$	34,200	2,200	36,400	4,800	4,800

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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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.

Note: This fiscal note reflects the provisions of Substitute Senate Bill 5799. This fiscal note supercedes 5799-2.

Effective July 1, 2007, until July 1, 2010, the business and occupation tax rate for motor and special fuel distributors is reduced from 0.484 percent to 0.2904 percent. However, the lower rate does not apply to businesses licensed under chapters 82.36 and 82.38 RCW.

The effective date of this legislation is July 1, 2007.

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. B - Revenue Impact

ASSUMPTIONS/DATA SOURCES

Industry supplied survey of fuel distributed by licensed fuel distributors.

REVENUE ESTIMATES

As written, this bill will result in no businesses being able to qualify for the lower tax rate.

Information supplied through a survey of fuel distributors shows both fuel and special fuel distributions of 958 million gallons at an average wholesale cost of \$2.05 per gallon. The taxable revenue from this amount is \$1.963 billion. If it is assumed the business and occupation tax rate for fuel distributors is lowered from 0.00484 to 0.002904, this will result in the following loss in general fund revenue. Using these figures:

Loss in Revenue (millions)	FY 2008	FY 2009
Current Revenue @ 0.00484	9.50	3.75
New Revenue @ 0.002904	5.70	2.25
Loss in Revenue (cash basis)	(3.48)*	(3.80)

*Fiscal Year 2008 is based on eleven months of collections due to an effective date of July 1, 2007.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (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.

To implement this legislation, the Department of Revenue will incur costs of approximately \$34,200 in Fiscal Year 2008. These will be for programming, testing, and analyzing changes to the excise tax and e-file systems; creating and mailing a

new addendum to the excise tax return; and the amendment of one administrative rule. Time and effort to incur these costs equate to 0.3 FTE.

To implement this legislation, the Department of Revenue will incur costs of approximately \$2,200 in Fiscal Year 2009. These will be for creating and mailing the new addendum to the excise tax return. No additional FTEs will be required.

In the 2009-2011 and 2011-2013 Biennia, the Department of Revenue will incur costs of \$4,800 in each biennium. These will be for creating and mailing the new addendum to the excise tax return. No additional FTEs will be required.

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

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.4		0.2		
A-	19.000		19,000		
B-	4.800		4,800		
E-	8.300	2,200	10,500	4,800	4,800
J-	2.100		2,100		
Total \$	\$34,200	\$2,200	\$36,400	\$4,800	\$4,800

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 2008	FY 2009	2007-09	2009-11	2011-13
HEARINGS SCHEDULER	31,056	0.0		0.0		
IT SPEC 4	54,372	0.3		0.1		
RULES MANAGER	78,194	0.0		0.0		
RULES POLICY SPECIALIST	64,587	0.0		0.0		
TAX POLICY SPECIALIST 2	54,372	0.0		0.0		
TAX POLICY SPECIALIST 3	61,500	0.1		0.0		
Total FTE's		0.4		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.

Should this legislation become law, the Department of Revenue will use the standard process to amend WAC 458-20-126. Persons affected by this rule-making would include motor vehicle fuel and special motor vehicle fuel distributors.