

MultipleAgencyFiscalNoteSummary

BillNumber: 5611SB

Title: Disabledpersons/employment

EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
DepartmentofRevenue	(48,985,865)	(48,985,865)	(21,797,538)	(21,797,538)	(16,875,514)	(16,875,514)
Total:	(48,985,865)	(48,985,865)	(21,797,538)	(21,797,538)	(16,875,514)	(16,875,514)

LocalGov.Courts*						
LocalGov.Other**						
LocalGov.Total						

EstimatedExpenditures

AgencyName	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
DepartmentofRevenue	2.4	274,200	274,200	2.3	244,500	244,500	2.3	243,800	243,800
DepartmentofSocial andHealthServices	63.6	7,208,292	7,208,292	9.9	1,072,258	1,072,258	9.9	1,036,258	1,036,258
DepartmentofServices fortheBlind	3.7	407,075	407,075	1.0	113,226	113,226	1.0	110,226	110,226
Total:	69.7	7,889,567	7,889,567	13.2	1,429,984	1,429,984	13.2	1,390,284	1,390,284

LocalGov.Courts*									
LocalGov.Other**									
LocalGov.Total									

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Preparedby: MonicaJenkins,OFM

Phone:

360-902-0561

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* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

Department of Revenue Fiscal Note

Bill Number: 5611SB	Title: Disabled persons/employment	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
General Fund-State 01-Taxes 05-Bus and Occup Tax	(25,782,034)	(23,203,831)	(48,985,865)	(21,797,538)	(16,875,514)
Total	(25,782,034)	(23,203,831)	(48,985,865)	(21,797,538)	(16,875,514)

Estimated Expenditures from:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	2.4	2.3	2.4	2.3	2.3
Fund					
General Fund-State	148,800	125,400	274,200	244,500	243,800
Total	148,800	125,400	274,200	244,500	243,800

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternative 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: David Schumacher	Phone: (360)786-7474	Date: 01/29/2001
Agency Preparation: Van Huynh	Phone: 570-6195	Date: 02/07/2001
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 02/07/2001
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 02/07/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Sec.1ofthebillentitlesanemployertoaB&Otaxcreditfortheemploymentofpeoplewith"significantdisabilities." "Significantdisability"isdefinedasasevereophysicalormentalimpairmentthats seriouslylimitsoneormorefunctional capacities suchas, butnot limitedto, mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or workskills, in termsof an employment outcome, as determined by the Division of Vocational Rehabilitation or the Department of Services for the Blind.

The amount of tax credit an employer can claim is dependent on the number of hours the eligible person has been employed for a given tax year. There is a cap of \$1,000 on the amount that may be claimed for a maximum of two tax years for each eligible person employed.

Sec.2 indicates that this bill will be named the Jose "Pepe" Lladra act.

Sec.3 indicates that this bill will be effective July 1, 2001.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriate detailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceipts impact is derived. Explain how workload assumption translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS/DATASOURCES

Data were provided by the Washington Interactive Labor Market Access (WILMA), the National Institute on Disability & Rehabilitation Research, and the Employment Security Department.

Because the language of the bill is not specific and because of a lack of specific data in the literature, various assumptions had to be made relating to the number of potential employees for whom the credit would apply.

These estimates assume:

WA total employment is 2,477,285 (government employees excluded, since govt. pays no B&O tax).

215,524 (8.7 percent of the total employment) have severe disabilities*.

Only 26.1 percent of those with severe disabilities are employed.

The typical eligible employee works between 500 and 1,000 hours per year (20 hours per week).

Turnover of this eligible group is 30%.

An employer may claim an annual tax credit for an eligible employee for a maximum of two tax years. However, if that employee is later employed by a different employer, that new employer also qualifies for the credit for a maximum of two years. Also, the previous employer cannot rehire the same employee and claim the credit, regardless of whether the two year cap was previously reached or not.

Employers will have enough B&O tax due to claim the full amount of credit entitled.

The bill applies to hiring done after the effective date of July 1, 2001.

The bill applies to eligible employees currently employed. However, the hour accumulation (for the credit) for these employees starts from the effective date of the bill. For example, eligible employees who are currently employed cannot use the hours they have accumulated up to this point (effective date) because the bill was not effective during that time.

*Severe disability is defined as being unable to perform one or more functional activities; need personal assistance with an ADL (activities of daily living); use a wheelchair; long-term user of a cane, crutches, or a walker; has a developmental disability or Alzheimer's disease; unable to do housework; receiving federal disability benefits; 16 to 67 years old and unable to work at a job or business.

AUDITASSESSMENTS(Impactresultingfromrecentauditactivity)

Notapplicable.

CURRENTLYREPORTINGTAXPAYERS(Impactfortaxpayerswhoareknownoreestimatedtobecurrentlypayingthetaxinquestion)

WAemployerstogetherwillhaveacreditof\$25.8millionforFY2002and\$48.9millionforthe2001-2003biennium. Thelargeinitialamountofcreditinthefirstthreeyearsisattributabletocreditstakenfordisabledemployeeswhoare currentlyworking.

TAXPAYERSNOTCURRENTLYREPORTING(Althoughsometaxpayersmaynotnowbepayingthetaxinquestion, someofthemwillbecomeawareoftheirliabilityinthefuture,asaresultofnormalenforcementactivitiesoreducation programsbytheDepartment.TheimpactforsuchtaxpayersisbasedontheDepartment'sstudiesofaverage tax compliance)

Notapplicable.

TOTALREVENUEIMPACT:

StateGovernment(cashbasis,\$000):

FY2002	-	\$(25,782.0)
FY2003	-	(23,203.8)
FY2004	-	(13,359.8)
FY2005	-	(8,437.8)
FY2006	-	(8,437.8)
FY2007	-	(8,437.8)

LocalGovernment,ifapplicable(cashbasis,\$000):None.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthatresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

TheDepartmentwillincurcostsofapproximately\$148,800inFY2002toimplementthislegislation.Thesecostsinclude:

- 0.1FTEatanITAS4level.AdditionalprogrammingtimewillbenecessarytoprogramanewcodefortheB&Ocredit authorizedinthislegislation.
- 2.32FTEataRevenueAuditor2level.AdditionalaudittimewillbenecessarytoverifytheB&Ocreditauthorizedinthis legislation.TheDepartmentestimates thatapproximately960oftheregularlycompletedauditseachyearwillbeof businessesthatemployersonswithdisabilitiesandaretakingthecreditauthorizedinthislegislation.Additionaltimewill benecessaryintheseauditstoverifytheB&Ocreditbecauseauditorswillneedtoexamineemploymentrecords,whichis notanareaauditorscurrentlyexamine.

TheDepartmentwillalsoincurongoingcostsofapproximately\$125,400inFY2003,and\$244,00inboththe2003-05and 2005-07biennia.Thesecostsincludeaudittimeasdescribedabove.

Unless theDepartmentreceivesanappropriationtocovertheexpenditureimpact,theDepartmentmaynotbeabletofully implementthislegislation.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	2.4	2.3	2.4	2.3	2.3
A-	91,700	86,400	178,100	172,800	172,800
B-	23,900	22,500	46,400	45,000	45,000
E-	13,600	13,000	26,600	26,000	26,000
G-		3,500	3,500		
J-	19,600		19,600	700	
Total:	148,800	125,400	274,200	244,500	243,800

III.B-FTEDetail: ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
INFOTECHAPPSPEC4	52,611	0.1		0.1		
REVENUEAUDITOR2	37,232	2.3	2.3	2.3	2.3	2.3
Total		2.4	2.3	2.4	2.3	2.3

PartIV:CapitalBudgetImpact

None.

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseexistingrules.

None.

IndividualStateAgencyFiscalNote

BillNumber: 5611SB	Title: Disabledpersons/employment	Agency: 300-DeptofSocialand HealthServices
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund					
Total					

EstimatedExpendituresfrom:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	89.6	37.3	63.6	9.9	9.9
Fund					
GeneralFund-State 001-1	5,156,864	2,051,428	7,208,292	1,072,258	1,036,258
Total	\$5,156,864	\$2,051,428	\$7,208,292	\$1,072,258	\$1,036,258

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☒ Requiresnewrulemaking,completePartV.

LegislativeContact: DavidSchumacher	Phone: (360)786-7474	Date: 01/29/2001
AgencyPreparation: DaveSutherland	Phone: 360-902-8059	Date: 01/29/2001
AgencyApproval: StanMarshburn	Phone: 360-902-8181	Date: 02/09/2001
OFMReview: TomLineham	Phone: 360-902-0543	Date: 02/27/2001

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

Based on number of hours worked, authorizes and specifies a graduated tax credit up to \$1,000 for a maximum of 2 years for employers who hire persons assessed by the Division of Vocational Rehabilitation or Department of Services for the Blind as having significant disabilities.

Authorizes clients to receive determinations for purposes of the tax credit without applying to become a client for other services.

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 assumption translates into estimates. Distinguish between one time and ongoing functions.

No impact for DSHS, however, this bill would result in decreased tax revenues.

DVR eligibility determination services are not eligible for use as match for obtaining federal funds.

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 assumption translates into cost estimates. Distinguish between one time and ongoing functions.

The Office of Financial Management projects working age population aged 18-65 for 2001 to be 3,770,266. According to US Census data, 17.6% of the working age population are individuals with disabilities. Using that assumption, 663,567 persons of disability are of working age.

Approximately 40% of the working age population for persons of disability are employed. This means approx. 265,427 persons of disability may need determination of significant disability. It is roughly estimated that 229,594 (86.5%) will come to DVR and the remainder to Dept. of Services for the Blind. DVR estimates that evaluations and record reviews will average 1 hour per applicant.

We also know 6% of the working age population, or 226,216 are persons with a significant disability. The employment rate for significantly disabled person is approx. 30% and, therefore, approx. 67,865 persons could qualify for tax credit.

Note: Source of data is from the State Population Survey (SPS) 1998 and OFM's projections for 2001

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	89.6	37.3	63.6	9.9	9.9
A-Salaries and Wages	3,685,529	1,513,936	5,199,465	801,870	801,870
B-Employee Benefits	958,237	393,623	1,351,860	208,486	208,486
C-Personal Service Contracts					
E-Goods and Services	447,924	74,648	522,572	51,364	15,364
G-Travel	12,065	12,810	24,875	1,950	1,950
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	53,109	56,411	109,520	8,588	8,588
Total:	\$5,156,864	\$2,051,428	\$7,208,292	\$1,072,258	\$1,036,258

III.B-FTE 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	FY2002	FY2003	2001-03	2003-05	2005-07
Accountant 2	35,400	.2	.3	.3	.3	.3
Fiscal Program Manager	51,000	.1		.1		
Program Manager	60,108	.6	.4	.5	.3	.3
Secretary Senior	29,928	.5	.4	.5	.3	.3
Voc Rehabilitation Counselor	41,064	88.2	36.2	62.2	9.0	9.0
Total		89.6	37.3	63.6	9.9	9.9

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

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

Rules would have to be rewritten to allow eligibility determination to be made under special circumstances requiring evaluations without application for further services. A parallel process must be in place so as to clearly separate and protect the federally funded activities of the department.

IndividualStateAgencyFiscalNote

BillNumber: 5611SB	Title: Disabledpersons/employment	Agency: 315-DeptofServicesfor theBlind
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund					
Total					

EstimatedExpendituresfrom:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	4.7	2.5	3.7	1.0	1.0
Fund					
GeneralFund-State 001-1	277,639	129,436	407,075	113,226	110,226
Total	\$277,639	\$129,436	\$407,075	\$113,226	\$110,226

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☐ Requiresnewrulemaking,completePartV.

LegislativeContact: DavidSchumacher	Phone: (360)786-7474	Date: 01/29/2001
AgencyPreparation: PeterCampbell	Phone: 360-586-1247	Date: 02/26/2001
AgencyApproval: PeterCampbell	Phone: 360-586-1247	Date: 02/26/2001
OFMReview: TomLineham	Phone: 360-902-0543	Date: 02/27/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

ThisbillrequiresServicesfortheBlindtoassessindividualstodetermineiftheyareseverlydisable.Weestimatethat1 hourofstafftimewouldbetheaveragetimeneededperapplicant.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriatehethedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthathesultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	4.7	2.5	3.7	1.0	1.0
A-SalariesandWages	188,134	100,536	288,670	86,256	86,256
B-EmployeeBenefits	48,210	25,700	73,910	21,270	21,270
C-PersonalServiceContracts					
E-GoodsandServices	40,000	2,500	42,500	5,000	2,000
G-Travel	1,295	700	1,995	700	700
J-CapitalOutlays					
M-InterAgency/FundTransfers					
N-Grants,Benefits&ClientServices					
P-DebtService					
S-InteragencyReimbursements					
T-Intra-AgencyReimbursements					
Total:	\$277,639	\$129,436	\$407,075	\$113,226	\$110,226

III.B-FTEDetail: ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
OfficeAssistantSenior	28,560	1.0	.5	.8		
VocRehabLeadCounselor	43,128	3.7	2.0	2.9	1.0	1.0
Total		4.7	2.5	3.7	1.0	1.0

PartIV:CapitalBudgetImpact

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseseexistingrules.

Ruleswouldneedtobewrittentoalloweligibilitydeterminationstobemadeknowingtherewillbenoapplicationfor services.