

Department of Revenue Fiscal Note

Bill Number: 6799 SB	Title: Florists' personal property	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		147,000	147,000	341,000	374,000
Total \$		147,000	147,000	341,000	374,000

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
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: Monica Jenkins	Phone: 360-902-0561	Date: 01/24/2008
Agency Preparation: Don Gutmann	Phone: 360-570-6073	Date: 01/28/2008
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 01/29/2008
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/29/2008

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.

This bill allows florists to continue to use origin sourcing for retail sales of tangible personal property.

For purposes of sales tax, a sale is sourced to the jurisdiction that is entitled to the sales tax generated from a particular transaction. Under current law, sales of tangible personal property are sourced to the jurisdiction where the retail outlet at or from which delivery is made to the consumer is located. This is commonly referred to as origin sourcing.

SSB 5089, passed during the 2007 legislative session, adopts the Streamlined Sales and Use Tax Agreement's uniform general sourcing rules effective July 1, 2008. Under these sourcing rules, sales of tangible personal property delivered by the seller to the buyer are sourced to the place where the buyer receives delivery of the product. This is commonly referred to as destination sourcing.

Under this proposed legislation, the sourcing of retail sales tax on tangible personal property delivered by a florist other than the one receiving the initial order, will continue to be the location of the florist initially receiving the order. Other sales of tangible personal property sold by florists would continue to be sourced to the retail outlet at or from which delivery is made. A florist is defined as a person whose primary business activity is the retail sale of fresh cut flowers, potted ornamental plants, floral arrangements, floral bouquets, wreaths, or any similar products used for decorating and not landscaping purposes.

This bill has a positive impact on state and local revenues. Washington now receives sales tax from the sale of flowers where the order is received by a Washington florist but the flowers are delivered outside this state by a second florist. As a result of SSB 5089, effective July 1, 2008, Washington will no longer receive sales tax on these sales. However, this proposal will allow Washington to continue to receive sales tax on these sales.

This legislation is effective July 1, 2008.

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 is from the Department of Revenue (Department) and from an industry survey of over 1,000 florists . According to the survey, 16 percent of sales are wire sales. Of these wire sales, 26 percent are wired from one store to another. Wire sales that originate in one store and are fulfilled by another store are the sales that will be impacted by this change, if the second store is an out-of-state florist. It is assumed that half of those wire sales originating in one store and fulfilled by another store are fulfilled by an out of state florist.

COSTS TO TAXPAYERS

This analysis is limited to those who bear the initial burden of the tax. The analysis does not attempt to determine who pays the tax as it is passed to others through increased prices, higher costs to business owners, or lower wages.

The annual per capita purchases of flowers in Washington is \$35. As a result of this proposal the average consumer will pay an additional \$.02 in taxes for Fiscal Year 2009.

REVENUE ESTIMATES

This legislation would increase revenues by an estimated \$147,000 in Fiscal Year 2009 and \$167,000 in Fiscal Year 2010. Local governments would gain an estimated \$45,000 in Fiscal Year 2009 and \$51,000 in Fiscal Year 2010. Fiscal Year 2009 estimates reflect 11 months of impact due to the July 1, 2008, effective date.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2008 - \$ 0
FY 2009 - \$ 147
FY 2010 - \$ 167
FY 2011 - \$ 174
FY 2012 - \$ 182
FY 2013 - \$ 192

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

FY 2008 - \$ 0
FY 2009 - \$ 45
FY 2010 - \$ 51
FY 2011 - \$ 53
FY 2012 - \$ 56
FY 2013 - \$ 59

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 does not anticipate incurring any costs associated with the implementation of this 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					
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.

No rule-making required.

OFM Notes:

Because this bill was identified as a proposal governed by the requirements of Initiative 960, this fiscal note has an attachment showing the ten-year cost to taxpayers of the proposed taxes or fees.

Ten-Year Analysis

FN #: 6799-1

Revenue Analyst:

DON GUTMANN

01/27/2008

12:01:04

Bill Number: SB6799	Title: AN ACT Relating to the sourcing, for sales and use tax purposes of sales of tangible personal property by florists
Agency: 140-Revenue	

NOTE: This ten-year analysis is limited to the estimated cash receipts associated with the tax or fee increases proposed in this bill and the associated administrative costs of those increased taxes or fees.

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account, Major Source and Source Code, Title of Fee or Tax	Fiscal Year 08	Fiscal Year 09	2007-09 Total	Fiscal Year 10	Fiscal Year 11	2009-11 Total
		147,000	147,000	167,000	174,000	341,000
			0			0
			0			0
			0			0
			0			0
Total	0	147,000	147,000	167,000	174,000	341,000

Estimated Expenditures from:

	Fiscal Year 08	Fiscal Year 09	2007-09 Total	Fiscal Year 10	Fiscal Year 11	2009-11 Total
FTE Staff Years			0.00			0.00
Fund						
GF-State			0			0
GF-Federal			0			0
Other (specify)			0			0
			0			0
			0			0
Total	0	0	0	0	0	0

Ten-Year Analysis

FN #: 6799-1

Bill Number:

SB6799

Agency:

140-Revenue

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Account, Major Source and Source Code, Title of Fee or Tax	Fiscal Year 12	Fiscal Year 13	2011-13 Total	Fiscal Year 14	Fiscal Year 15	2013-15 Total
	182,000	192,000	374,000	202,000	211,000	413,000
			0			0
			0			0
			0			0
			0			0
Total	182,000	192,000	374,000	202,000	211,000	413,000

Estimated Expenditures 1

	Fiscal Year 12	Fiscal Year 13	2011-13 Total	Fiscal Year 14	Fiscal Year 15	2013-15 Total
FTE Staff Years			0.00			0.00
Fund						
GF-State			0			0
GF-Federal			0			0
Other (specify)			0			0
			0			0
			0			0
Total	0	0	0	0	0	0

Ten-Year Analysis

FN #: 6799-1

Bill Number:

SB6799

Agency:

140-Revenue

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Account, Major Source and Source Code, Title of Fee or Tax	Fiscal Year 16	Fiscal Year 17	2015-17 Total	2008-17 TOTAL
	222,000	233,000	455,000	1,730,000
			0	0
			0	0
			0	0
			0	0
Total	222,000	233,000	455,000	1,730,000

Estimated Expenditures 1

	Fiscal Year 16	Fiscal Year 17	2015-17 Total	2008-17 TOTAL
FTE Staff Years			0.00	
Fund				
GF-State			0	0
GF-Federal			0	0
Other (specify)			0	0
			0	0
			0	0
Total	0	0	0	0