

Department of Revenue Fiscal Note

Bill Number: 6219 SB	Title: Newspaper supplement tax	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 05 - Bus and Occup Tax		(946,000)	(946,000)	(2,757,000)	(4,508,000)
Total \$		(946,000)	(946,000)	(2,757,000)	(4,508,000)

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.1	0.0		
Fund					
GF-STATE-State 001-1		5,800	5,800		
Total \$		5,800	5,800		

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 language in draft legislation S-5521.1.

This bill adds print newspaper supplements and electronic newspaper supplements produced in any media to the definition of "newspaper." Currently, the income earned from electronic media advertising is taxed under the business and occupation (B&O) service rate of 1.5 percent. This proposal would subject the advertising income to the printing and publishing tax rate of 0.484 percent.

This bill takes effect 90 days after the adjournment of the 2008 legislative session.

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

In 2005 national internet advertising revenues totaled \$12.5 billion. Washington's share based on population was \$275 million.

It is assumed that newspaper advertising on the internet represents 13 percent of the U.S. Internet advertising market.

Industry data come from the following sources:

1. Interactive Advertising Bureau (IAB) Internet Advertising Revenue Report, 2005 Full-Year Results Report, Price Water House Coopers Industry Report, April 2006.
2. Internet newspaper revenue figure source: "The American Journalism Review", December/January 2008 issue.
3. Newspaper circulation data source: National Association of America. [Http://www.naa.org](http://www.naa.org).

Print newspaper supplements are taxed at the Business and Occupation Printing and Publishing tax rate of 0.484 percent. Therefore, there is no fiscal impact with regard to the print newspaper supplements component of this bill.

It is assumed that this bill will take effect on June 11, 2008.

REVENUE ESTIMATES

This proposed legislation would decrease revenues by an estimated \$946,000 in Fiscal Year 2009. Revenues will decrease by \$2,757,000 in the 2009-11 Biennium and decrease by \$4,508,000 in the 2011-13 Biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2008 -	\$0
FY 2009 -	(\$ 946)
FY 2010 -	(\$ 1,210)
FY 2011 -	(\$ 1,547)
FY 2012 -	(\$ 1,978)
FY 2013 -	(\$ 2,530)

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 \$5,800 in Fiscal Year 2009. These are costs to change one administrative rule using the expedited process.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.1	0.0		
A-		2,900	2,900		
B-		700	700		
E-		1,900	1,900		
J-		300	300		
Total \$		\$5,800	\$5,800		

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		
RULES MANAGER	78,194		0.0	0.0		
RULES POLICY SPECIALIST	64,587		0.0	0.0		
TAX POLICY SPECIALIST 3	61,500		0.0	0.0		
Total FTE's			0.1	0.1		

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 expedited process to amend WAC 458-20-143 - Publishers of newspapers, magazines, periodicals. Persons affected by this rule-making would include publishers of newspapers.