

Multiple Agency Fiscal Note Summary

Bill Number: 1756 HB	Title: Military improvement zones
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Revenue	(2,275,000)	0	(3,467,000)	0	(3,774,000)	0
Total \$	(2,275,000)	0	(3,467,000)	0	(3,774,000)	0

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

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Community, Trade, and Economic Development	.8	173,567	2,448,567	.8	166,788	3,633,788	.4	83,394	1,930,394
Department of Revenue	.7	98,900	98,900	.7	93,400	93,400	.3	46,700	46,700
Total	1.5	\$272,467	\$2,547,467	1.5	\$260,188	\$3,727,188	0.7	\$130,094	\$1,977,094

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

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Prepared by: John Shepherd, OFM	Phone: 360-902-0538	Date Published: Preliminary
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 22486

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1756 HB	Title: Military improvement zones	Agency: 090-Office of State Treasurer
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
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:

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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:	Aaron Eisenbarth	Phone: 360-786-7258	Date: 02/11/2009
Agency Preparation:	Dan Mason	Phone: 360-902-9090	Date: 02/11/2009
Agency Approval:	Dan Mason	Phone: 360-902-9090	Date: 02/11/2009
OFM Review:	Mike Woods	Phone: 360-902-9819	Date: 02/11/2009

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.

HB 1756 creates the military improvement zone account. Earnings from investments will be credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence different earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2008 Revenue Forecast, the net rate for estimating earnings for FY 10 is 0.62% and FY 11 is 1.56%. Approximately \$6,200 in FY 10 and \$15,600 in FY 11 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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.

HB 1756 creates the military improvement zone account. Earnings from investments will be credited to the general fund.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
Total:					

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.

Individual State Agency Fiscal Note

Bill Number: 1756 HB	Title: Military improvement zones	Agency: 103-Community, Trade & Economic Develop
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.8	0.8	0.8	0.8	0.4
Fund					
General Fund-State 001-1	90,173	83,394	173,567	166,788	83,394
Military Improvement Zone	649,000	1,626,000	2,275,000	3,467,000	1,847,000
Account-State New-1					
Total \$	739,173	1,709,394	2,448,567	3,633,788	1,930,394

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: Aaron Eisenbarth	Phone: 360-786-7258	Date: 02/11/2009
Agency Preparation: Laurie Bahr	Phone: 360-725-2935	Date: 02/12/2009
Agency Approval: Will Graham	Phone: 360-725-2854	Date: 02/12/2009
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 02/12/2009

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 2 requires CTED to administer a military improvement zone pilot program to authorize and promote financing tools that encourage high quality development and affordable housing in the areas nearest to federal military bases. CTED will designate qualifying areas as military improvement zones, develop operational guidelines and criteria for the pilot program, provide technical assistance to cities and counties participating in the pilot program, and provide grants to the participating cities and counties. Funds may only be used for public infrastructure projects related to a qualifying affordable housing projects such as street and road construction necessary to serve the improvement zone, water and sewer system construction, and construction of storm water and drainage management. CTED will provide a comprehensive pilot program status report to the Governor and appropriate legislative committees by September 30, 2011, and report its pilot program findings and recommendations by September 30, 2013. This section expires on June 30, 2014.

Section 3 requires that 25% of the estimated taxes collected on the sale or use of tangible personal property and labor and services used in the construction of affordable housing projects in military improvement zones, less any credits allowed for local governments must be deposited into a new military improvement zone account. To be eligible for distributions from the account, counties or cities must submit an application to CTED verifying that: (1) the project is in a designated military improvement zone; (2) the expected construction completion date of the affordable housing project is consistent with the requirements of the program; (3) the funds used are for infrastructure that is required by the development; (4) at least 25% of the housing projects in the project qualify as affordable housing; and (5) a development agreement exists between the developer and the applicant city or county which identifies the number of affordable housing units, the site and building design specifications, and the infrastructure necessary for the construction project. CTED is required to rule on the application within 45 days of receipt of the application. An expenditure plan must be submitted to CTED within 120 days after the application is submitted and the plan must specify the intended use of the funds. CTED must notify the county or city of any deficiencies in the expenditure plan within 90 days of its submittal. Funds may only be used for public infrastructure projects related to qualifying affordable housing projects, such as street and road construction necessary to serve the improvement zone or for water and sewer system construction and construction of storm water and drainage management.

Section 4 creates a military improvement zone account. Expenditures from the account may be used by a county or city only for public infrastructure projects. The account is subject to allotment, but is not subject to an appropriation. The Department of Revenue distributes the proceeds annually at no cost to the city or county by July 1 of the year following the initiation of construction of the project.

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.

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.

Section 2

Salary and Benefits:

CTED estimates 0.50 FTE CTED Specialist 3 and 0.25 FTE Office Assistant 3 to develop, administer, and monitor the military improvement zone pilot program.

FY10-14: 0.75 FTE and \$54,264 each fiscal year

Goods and Services:

FY10-14: \$28,330 each fiscal year

-standard G&S: \$24,496

-space and utilities: \$3,834

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Personnel charges, and CTED agency administration. CTED administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desktop and network support services; facilities management services; public affairs services; policy and risk management services; and other support services.

Travel:

FY10-14: \$800 each fiscal year for travel to develop criteria with stakeholders and monitor pilot programs.

Capital Outlay:

FY10: \$6,779 includes workstation, office chair, computer, printer and monitor and telephone

Grants, Benefits and Client Services:

Because section 4(1) is added to Chapter 43.330 RCW (CTED), it appears that allotments for the available funds in the military improvement zone account will be made to CTED. However, section 4(2) requires distribution of these funds by the Department of Revenue directly from the account. By mutual agreement, the Department of Revenue is showing the estimated cash receipts, but not the expenditures, and CTED is showing the estimated expenditures of these funds for public infrastructure projects as follows:

FY10: \$649,000

FY11: \$1,626,000

FY12: \$1,697,000

FY13: \$1,770,000

FY14: \$1,847,000

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.8	0.8	0.8	0.8	0.4
A-Salaries and Wages	40,737	40,737	81,474	81,474	40,737
B-Employee Benefits	13,527	13,527	27,054	27,054	13,527
E-Goods and Services	28,330	28,330	56,660	56,660	28,330
G-Travel	800	800	1,600	1,600	800
J-Capital Outlays	6,779		6,779		
N-Grants, Benefits & Client Services	649,000	1,626,000	2,275,000	3,467,000	1,847,000
Total:	\$739,173	\$1,709,394	\$2,448,567	\$3,633,788	\$1,930,394

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 2010	FY 2011	2009-11	2011-13	2013-15
CTED SPEC 3	64,740	0.5	0.5	0.5	0.5	0.3
OFF ASST 3	33,468	0.3	0.3	0.3	0.3	0.1
Various Administrative Services	55,478	0.1	0.1	0.1	0.1	0.1
Total FTE's		0.8	0.8	0.8	0.8	0.4

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Agency Administration (100)	20,783	20,783	41,566	41,566	20,783
Housing (400)	718,390	1,688,611	2,407,001	3,592,222	1,909,611
Total \$	739,173	1,709,394	2,448,567	3,633,788	1,930,394

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.

None

Department of Revenue Fiscal Note

Bill Number: 1756 HB	Title: Military improvement zones	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
GF-State-State 01 - Taxes 01 - Retail Sales Tax	(649,000)	(1,626,000)	(2,275,000)	(3,467,000)	(3,774,000)
NEW-State 01 - Taxes 01 - Retail Sales Tax	649,000	1,626,000	2,275,000	3,467,000	3,774,000
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.7	0.7	0.7	0.7	0.3
Fund					
GF-STATE-State 001-1	52,200	46,700	98,900	93,400	46,700
Total \$	52,200	46,700	98,900	93,400	46,700

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: Aaron Eisenbarth	Phone: 360-786-7258	Date: 02/11/2009
Agency Preparation: Matthew Bryan	Phone: 360-570-6074	Date: 02/12/2009
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 02/12/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/13/2009

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 creates a new pilot project which would be administered by the Department of Community, Trade and Economic Development. The project would allow a local government such as a city or county to create a military improvement zone.

The improvement zone must:

- be a neighborhood or series of neighborhoods.
- be within two miles of one or two federal military bases which have over 30,000 personnel combined and that are wholly contained within either tract 720 or 806 as designated by the US Census Bureau.
- have a demonstrated need for infrastructure improvements.

A new section is added to chapter 82.32 RCW. It would require the Department of Revenue (Department) to estimate the level of state retail sales and use taxes collected on affordable housing construction in the improvement zone, less any credits on the taxes allowed for local governments. Twenty-five percent of this estimated amount is to be deposited in a new "military improvement zone account."

The Department of Revenue would be required, under the bill, to distribute the balance of this fund to participating cities or counties annually on July 1. The first distribution would occur in the state fiscal year following the fiscal year in which initiation of the construction of the affordable housing project begins.

The effective date of the tax is 90 days after the end of the 2009 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

Estimated retail sales and use tax shifted from the General Fund to the new military improvement zone account is calculated based on the following assumptions:

1. The population count within two miles of the two military bases is about 227,500.
Source: Department/Research Geographical Information System (GIS) imaging data.
2. Multifamily residential permit data and per unit cost of multifamily housing units come from Washington State University Center for Real Estate Research (WCRER). These are 2007 data.
3. Infrastructure data on installation of power, highway and street, sewage and disposal and water supply come from the "Value in Place" construction data of the Census Bureau. These are 2006 data.
4. An annual growth rate of multifamily permits in Pierce County covering 2001 to 2006 was estimated using data from WCRER. An annual growth rate of 4 percent is assumed.
5. It is assumed that the credit against the state-shared sales tax rate where the affordable housing construction is to occur is .033 percent.
6. It is assumed that project construction would begin January 1, 2010. This would result in five months of collections in Fiscal Year 2010.

If the start date of project construction varies, it will change the date when fiscal impact begins.

REVENUE ESTIMATES

This bill would reduce the State General Fund by \$2,275,000 in the 2009-2011 Biennium. It would increase the Military Improvement Zone Account by the same amount. This amount would increase to \$3,467,000 in the 2011-2013 Biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2010 -	\$ (649)
FY 2011 -	\$ (1,626)
FY 2012 -	\$ (1,697)
FY 2013 -	\$ (1,770)
FY 2014 -	\$ (1,847)
FY 2015 -	\$ (1,927)

New Military Improvement Zone Account (cash basis, \$000):

FY 2010 -	\$ 649
FY 2011 -	\$ 1,626
FY 2012 -	\$ 1,697
FY 2013 -	\$ 1,770
FY 2014 -	\$ 1,847
FY 2015 -	\$ 1,927

Local Government Impact:

See Local Fiscal Note

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

To implement this legislation, the Department will incur costs of approximately \$52,200 in Fiscal Year 2009. These costs are for monitoring contractor reporting, correcting tax return errors, preparation of reports for fund transfers, and auditing of contractor reporting. Time and effort equates to approximately 0.65 FTE.

The Department will incur ongoing costs of approximately \$46,700 in Fiscal Year 2011, \$93,400 in the 2011-2013 Biennium, and \$46,700 in Fiscal Year 2014. Ongoing costs are for monitoring contractor reporting, correcting tax return errors, preparation of reports for fund transfers, and auditing of contractor reporting. Time and effort equates to approximately 0.65 FTE each fiscal year.

Due to the effective date of this legislation, the Department will incur costs of approximately \$175,500 in Fiscal Year 2009. These costs are for modifications to the excise tax and e-file reporting systems to track construction of affordable housing projects within the military improvement zones, updating the geographic information system (GIS) for the military improvement zones, modifications of crystal reports to include this new state-shared tax, and programming to set up, test, and verify the computer systems. Time and effort equates to approximately 1.7 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.7	0.7	0.7	0.7	0.3
A-Salaries and Wages	29,500	29,500	59,000	59,000	29,500
B-Employee Benefits	7,300	7,300	14,600	14,600	7,300
E-Goods and Services	10,400	8,700	19,100	17,400	8,700
G-Travel	500	500	1,000	1,000	500
J-Capital Outlays	4,500	700	5,200	1,400	700
Total \$	\$52,200	\$46,700	\$98,900	\$93,400	\$46,700

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 2010	FY 2011	2009-11	2011-13	2013-15
EXCISE TAX EX 2	42,583	0.5	0.5	0.5	0.5	0.3
REVENUE AUDITOR 3	54,505	0.2	0.2	0.2	0.2	0.1
Total FTE's		0.7	0.7	0.7	0.7	0.3

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.