

# MultipleAgencyFiscalNoteSummary

**BillNumber:** 5210SB

**Title:** Leaseholdexcisetax

## EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
DepartmentofRevenue	25,407	25,407	(143,159)	(143,159)	(154,375)	(154,375)
<b>Total:</b>	<b>\$25,407</b>	<b>\$25,407</b>	<b>\$(143,159)</b>	<b>\$(143,159)</b>	<b>\$(154,375)</b>	<b>\$(154,375)</b>
LocalGov.Courts*						
LocalGov.Other**		285,000		283,000		389,000
LocalGov.Total		285,000		283,000		389,000

## EstimatedExpenditures

AgencyName	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
DepartmentofRevenue	.0	0	0	.0	0	0	.0	0	0
<b>Total:</b>	<b>.0</b>	<b>\$0</b>	<b>\$0</b>	<b>.0</b>	<b>\$0</b>	<b>\$0</b>	<b>.0</b>	<b>\$0</b>	<b>\$0</b>
LocalGov.Courts*									
LocalGov.Other**			\$3,832			\$3,112			\$3,112
LocalGov.Total			\$3,832			\$3,112			\$3,112

**Preparedby:** DougJenkins,OFM

**Phone:**

360-902-0563

**DatePublished:**

Final1/25/2001

\* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

\*\* Seelocalgovernmentfiscalnote

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5210SB	<b>Title:</b> Leasehold excise tax	<b>Agency:</b> 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
GF-STATE-State 001-1-01-30		(285,000)	(285,000)	(570,000)	(645,525)
GF-STATE-State 001-1-01-50	105,887	204,520	310,407	426,841	491,150
<b>Total</b>	<b>\$105,887</b>	<b>\$(80,480)</b>	<b>\$25,407</b>	<b>\$(143,159)</b>	<b>\$(154,375)</b>

### Estimated Expenditures from:

Fund					
<b>Total</b>					

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 rulemaking, complete Part V.

Legislative Contact:	Phone:	Date: 01/23/2001
Agency Preparation: Steve Smith	Phone: 570-6080	Date: 01/22/2001
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 01/24/2001
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/24/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Section1ofthislegislationexemptsanyleaseholdinterestconsistingof3,000ormoreresidentialandrecreationallotsfromleasehold excisetaxes.

Section2subjectssuchleaseholdintereststostateandlocalpropertytaxlevies.

Section3furtherstipulatesthattheleaseholdinterestswillbeassessedandtaxedinthesamemannerasprivatelyownedrealproperty andprovidesguidanceaboutproceduresconcerningdelinquency,collection,andforeclosure.

Section4allowsthevalueoftheleaseholdinterestsandimprovementtobeaddedtotherollswithoutviolatinglimitsonlevygrowth.

Sections5makesthebilleffectiveforpropertytaxesleviedforcollectioninCY2002andthereafter,and

Section6makesSection1,concerningtheleaseholdexcisetax,effectiveasofJanuary1,2002.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropria

ASSUMPTIONS/DATASOURCES

DataarefromtheMasonCountyAssessorandTreasurerandDOR.TheleaseholdsatissuesurroundLakeCushmaninMasonCounty.

Itisassumedthatthe1998taxablevalueofthesepropertieswouldhavebeen\$49.6million,thattherevaluationeffectiveJanuary1, 2002willresultinatotalvalueof\$62.7million,andthatthevaluewillgrowto\$79.4millionforJanuary1,2006.Totallease paymentsareassumedtobe\$3.2millionannuallyfrom1998through2002,andtorisethereafteratthesamerateaspropertyvalues.

AUDITASSESSMENTS(Impactresultingfromrecentauditactivity)

AlthoughtheDepartmentofRevenuedoesauditpropertytaxaccounts,aspartofit'sstatutoryresponsibilities,noneoftheauditsresult inachangeintheamountofpropertytaxpaidbyindividualpropertyowners.

CURRENTLYREPORTINGTAXPAYERS(Impactfortaxpayerswhoareknownorestimatedtobecurrentlypayingthetaxin question)

Thestatepropertytaxlevyisestimatedtoincreaseby\$106,000forFY02and\$310,000forthe2001-03biennium.Therewillbeno shiftstoorthertaxpayers.

StateleaseholdexcisetaxcollectionswillrealizenochangeforFY02,butareestimatedtodeclineby\$285,000forFY03andthe 2001-03biennium.

Localpropertytaxgainsareestimatedtobe\$177,000forFY02and\$525,000forthe2001-03biennium.

LocalleaseholdexcisetaxlosseswillbezeroforFY02.Theannuallossisestimatedtobe\$240,000inFY03andforthe2001-03 biennium.

StateImpact	LeaseholdExciseTax(Loss)	LevyGain	NetChange
FY?02	\$(0)	\$106,000	\$106,000
FY?03	(285,000)	205,000	(80,000)

FY?04	(285,000)	201,000	(84,000)
FY?05	(285,000)	225,000	(60,000)
FY?06	(285,000)	247,000	(38,000)
FY?07	(361,000)	244,000	(117,000)

LocalImpact	LeaseholdExciseTax(Loss)	LevyGain	NetChange	LevyShift
FY?02	\$ (0)	\$177,000	\$177,000	\$53,000
FY?03	(240,000)	348,000	108,000	104,000
FY?04	(240,000)	354,000	114,000	106,000
FY?05	(240,000)	409,000	169,000	123,000
FY?06	(240,000)	463,000	222,000	139,000
FY?07	(303,000)	470,000	167,000	142,000

TOTALREVENUEIMPACT:

StateGovernment(cashbasis,\$000):	
FY2002-\$106	
FY2003- (80)	
FY2004- (84)	
FY2005- (60)	
FY2006- (38)	
FY2007- (117)	

LocalGovernment,ifapplicable(cashbasis,\$000):	
FY2002-\$177	
FY2003- 108	
FY2004- 114	
FY2005- 169	
FY2006- 222	
FY2007- 167	

DETAILOFREVENUEIMPACTFORPROPERTYTAXPROPOSALS  
 CalendarYear(CashBasis,\$000)

StateGovernment		LocalGovernment	
RevenueImpact	TaxShift	RevenueImpact	LevyShift
CY?02 \$209,000	0	\$339,000	\$101,000
CY?03 206,000	0	345,000	103,000
CY?04 203,000	0	351,000	105,000
CY?05 200,000	0	356,000	107,000
CY?06 249,000	0	458,000	138,000
CY?07 246,000	0	466,000	140,000

II.C-Expenditures

Brieflydescribe theagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthatresultintheexpenditures(orsavings).Brieflydescribe thefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

None.

**Part III: Expenditure Detail**

**III.A-Expenditures By Object Or Purpose**

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.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

<b>Bill Number:</b> 5210SB	<b>Title:</b> Leasehold excise tax
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## Part I: Jurisdiction- Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☐ Cities:
- ☒ Counties: Mason County only
- ☒ Special Districts: Special purpose districts within Mason County
- ☐ Specific jurisdiction only:
- ☐ Variance occurs due to:

## Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

Jurisdiction	FY2002	FY2003	2001-03	2003-05	2005-07
City					
County	\$69,270	\$42,267	\$111,537	\$110,754	\$152,238
Special District	\$107,730	\$65,733	\$173,463	\$172,246	\$236,762
<b>TOTAL</b>	<b>\$177,000</b>	<b>\$108,000</b>	<b>\$285,000</b>	<b>\$283,000</b>	<b>\$389,000</b>
<b>GRAND TOTAL</b>	<b>\$957,000</b>				

### Estimated expenditure impacts to:

Jurisdiction	FY2002	FY2003	2001-03	2003-05	2005-07
City					
County	\$2,276	\$1,556	\$3,832	\$3,112	\$3,112
Special District					
<b>TOTAL</b>	<b>\$2,276</b>	<b>\$1,556</b>	<b>\$3,832</b>	<b>\$3,112</b>	<b>\$3,112</b>
<b>GRAND TOTAL</b>	<b>\$10,056</b>				

## Part III: Preparation and Approval

Fiscal Note Analyst: John Lindberg	Phone: (360) 725-5038	Date: 01/23/2001
Leg. Committee Contact:	Phone:	Date: 01/23/2001
Agency Approval: Val Richey	Phone: 360-725-5036	Date: 01/23/2001
OFM Review: Linda Swanson	Phone: 360-902-0541	Date: 01/24/2001

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

#### **EFFECTIVE DATE OF BILL:**

Section 1 of this bill takes effect January 1, 2002. Sections 2 and 3 of this bill take effect for taxes levied for collection in 2002 and thereafter.

#### **THE FOLLOWING SECTIONS OF THE BILL WOULD HAVE FISCAL IMPACT FOR LOCAL GOVERNMENT ENTITIES:**

Section 1: Exempts any leasehold interest consisting of 3,000 or less residential and recreational lots from the leasehold excise tax (LET).

Section 2: Subject such leasehold interests defined in Section 1 to state and local property tax levies.

Section 3: Leasehold interests will be assessed and taxed in the same manner as privately owned real property. Provides procedural guidance on delinquency, collection and foreclosure.

Section 4: Stipulates that the value of the leasehold interests and improvements can be added to the tax rolls without violating levy growth limitations.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

LGFN estimates the implementing costs to be \$2276 in FY02 and \$1556 in subsequent years.

#### **ASSUMPTIONS:**

The leasehold issues surround Lake Cushman in Mason County. The implementing costs would be principally borne by the Mason County treasurer's office and are a result of the 3000 additional tax statements sent out each year.

In FY02, the total cost is \$2276 with the cost breakdown as follows:

- FTE hours -- .019
- FTE cost -- \$470
- Supplies & Services -- \$96
- Postage, Printing for additional tax statements -- \$990
- Programming -- \$720

In the subsequent years, the cost is reduced to \$1556 with no further programming costs incurred. It is believed that FTE and FTE related costs would diminish over time as the additional 3000 customers no longer have questions, concerns relating to their new tax bill. Costs for printing and mailing the additional number of tax statements is the only long-term expenditure incurred by the county. One would expect that over time printing and postage fees would be readjusted.

#### **DATA:**

Mason County Assessor and Treasurer Data  
Session 2000 fiscal notes from Department of Revenue and LGFN for HB2365.

### **C. SUMMARY OF REVENUE IMPACTS**

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

This bill would result in net revenue gains for local government entities.

#### **ASSUMPTIONS:**

The leasehold issues surround Lake Cushman in Mason County. The allocation of net revenue gain to the Lake Cushman area is outlined

in the attached document. For FY02, \$177,000 is realized.

Allocation of revenue was determined by examining the property tax levy rates for the Lake Cushman area, and determining the percent of revenue generated from the levy rates for the county and special districts.

The bill would also result in a shift in property tax burden away from those taxpayers exempted from the leasehold excise tax (Section 1) to other taxpayers. For FY02, the levy shift is \$53,000. The attached document also outlines the levy shift.

DATA:

Department of Revenue's HB 1055 (SB 5210) Fiscal Note  
Department of Revenue's Property Tax Statistics 2000  
Mason County Assessor and Treasurer Data  
Session 2000 fiscal notes from Department of Revenue and LGFN for HB 2365.



Regular levy rates for the Lake Cushman area:

County	1.67786
Hospital	0.62995
Library	0.5
Port	0.3164
EMS #18	0.25
FD #18	<u>0.91307</u>
Total:	4.28728

Percent allocation of revenue between county and special districts from levy gain:

County	39.14%
SDs	60.86%

Local Revenue Impact:

	L.E.T. (Loss)	Levy Gain	Net Change	Levy Shift
FY 02	\$0	\$177,000	\$177,000	\$53,000
FY 03	-\$240,000	\$348,000	\$108,000	\$104,000
FY 04	-\$240,000	\$354,000	\$114,000	\$106,000
FY 05	-\$240,000	\$409,000	\$169,000	\$123,000
FY 06	-\$240,000	\$463,000	\$222,000	\$139,000
FY 07	-\$303,000	\$470,000	\$167,000	\$142,000

Allocation of net revenue gain:

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
County	\$69,270	\$42,267	\$44,615	\$66,139	\$86,881	\$65,357
SDs	\$107,730	\$65,733	\$69,385	\$102,861	\$135,119	\$101,643