

Multiple Agency Fiscal Note Summary

Bill Number: 5432 SB	Title: Local services levy limits
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Total \$						

Local Gov. Courts *						
Local Gov. Other **		56,886,000		83,264,000		93,862,000
Local Gov. Total		56,886,000		83,264,000		93,862,000

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.1	26,100	26,100	.0	0	0	.0	0	0
Total	0.1	\$26,100	\$26,100	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

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Prepared by: Ryan Black, OFM	Phone: 360-902-0417	Date Published: Final
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 22730

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 5432 SB	Title: Local services levy limits	Agency: 140-Department of Revenue
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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	0.2		0.1		
Fund					
GF-STATE-State 001-1	26,100		26,100		
Total \$	26,100		26,100		

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: Dean Carlson	Phone: (360)786-7305	Date: 02/12/2009
Agency Preparation: Valerie Torres	Phone: 360-5706084	Date: 02/17/2009
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 02/17/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/17/2009

Request # 5432-1-1

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.

Under current law, when a taxing district does a single year or multiple year lid lift the funds raised under the levy cannot be used to supplant existing funds.

The legislative authority of a taxing district (except the state), with a finding of substantial need, can use a limit factor for the property tax levy of 101 percent with an adopted ordinance or resolution. The levy is still restricted by the statutory maximum levy of the taxing district, the budget of the taxing district, and other limitations under current law.

The county general levy includes funds for the coordination and provision of community services for people with developmental disabilities or for mental health services and funds for the relief of honorably discharged veterans and their wives, husbands, widows, widowers and minor children of deceased veterans.

An emergency medical care and services levy (EMS levy) under RCW 84.52.069 can be imposed for 6 years, 10 years, or permanently. The EMS levy must be approved by a majority of at least three-fifths of the registered voters.

This bill allows the funds raised under a lid lift to be used to supplant existing funds. It also allows a taxing district levying any of the following levies to use a limit factor for property taxes of the greater of 101 percent or inflation.

- a mental health/developmental disabilities levy (Mental Health levy) under RCW 71.20.110
- a conservation futures levy under RCW 84.34.230
- a veteran's relief levy (Veteran's levy) under RCW 84.34.230
- a permanent EMS levy under RCW 84.52.069

This bill removes the mental health levy and the veteran's levy from being within the county general levy and makes them into separate levies that are levied by the county.

The mental health levy and the veteran's levy are not limited by the \$5.90 aggregate levy limitation. However, they are placed at the same level of prorationing as the county general levy for the Constitutional one percent limitation.

This bill changes the number of voters which must approve a 6 year, 10 year, or permanent EMS levy from a majority of at least three-fifths of the registered voters to a majority.

Sections 1 and 5 take effect 90 days after final adjournment of the session in which they are enacted.

Sections 2, 3, 4, 6, and 7 take effect beginning with taxes levied for collection in 2010 and thereafter.

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

Department of Revenue (Department) property tax information
County Assessor property tax information
Economic and Revenue Forecast Council November 2008 Forecast

This estimate assumes the intent of section two of this bill is to allow specific taxing districts and specific levies to use a

limit factor of the greater of 101 percent or 100 percent plus inflation. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended once referred out of committee.

This estimate assumes only the conservation futures levy, mental health levy, veteran's levy, and permanent EMS levy are allowed to increase by the greater of 101 percent or 100 percent plus inflation.

This estimate assumes a finding of substantial need is not required for a taxing district to increase their levy by the greater of 101 percent or 100 percent plus inflation.

This estimate assumes if a taxing district did not increase their levies for taxes due in 2008 using the limit factor of 101 percent, then the taxing district would not increase their levy using a limit factor of greater of 101 percent or 100 percent plus inflation.

This estimate is based only on those counties reporting a conservation futures levy and those districts with permanent EMS levy to the Department and those counties which break out the mental health funds and veteran's funds from the county general levy when reporting to the Department. For property taxes due in 2008 only 33 counties broke out the mental health funds and only 36 counties broke out the veteran's funds from the county general levy.

REVENUE ESTIMATES

This proposal does not impact the state property tax levy because the state cannot impose a conservation futures levy, a mental health levy, a veteran's levy, or a permanent EMS levy.

There are currently 36 taxing districts which impose a permanent EMS levy in Washington State. Two of these taxing districts did not increase the levy for taxes due in 2008 using the limit factor of 101 percent. Nine of these districts levied the statutory maximum levy for taxes due in 2008.

There are currently 13 counties which impose a conservation futures levy in Washington State. Two of these districts did not increase the levy for taxes due in 2008 using the limit factor of 101 percent.

This bill will result in conservation futures levy revenues of an estimated \$359,000 for Fiscal Year 2010 and \$890,000 in Fiscal Year 2011, the first full fiscal year.

This bill will result in mental health levy revenues of an estimated \$6.8 million for Fiscal Year 2010 and \$13.4 million in Fiscal Year 2011, the first full fiscal year.

This bill will result in veteran's levy revenues of an estimated \$11.4 million for Fiscal Year 2010 and \$22.3 million in Fiscal Year 2011, the first full fiscal year.

This bill will result in permanent EMS levy revenues of an estimated \$0.5 million for Fiscal Year 2010 and \$1.2 million in Fiscal Year 2011, the first full fiscal year.

By making the mental health levy and veteran's levy separate from the county general levy, counties will be able to use \$17.8 million in Fiscal Year 2010 and \$34.3 million in Fiscal Year 2011 which would have been dedicated to funding mental

health and veteran's. These revenues use the 101 percent county limit factor and do not change to using a limit factor of greater of 101 percent or 100 percent plus inflation; therefore the amount the county has to spend does not equal the sum of the separate mental health levy and veteran's levy.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): none.

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

FY 2010 - \$ 19,071
FY 2011 - \$ 37,815
FY 2012 - \$ 40,342
FY 2013 - \$ 42,922
FY 2014 - \$ 45,624
FY 2015 - \$ 48,238

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues (\$000): none.

State Government, (\$000), Shift of Tax Burden: none.

Local Government, Impact on Revenues (\$000)

CY 2010 - \$ 36,522
CY 2011 - \$ 38,996
CY 2012 - \$ 41,576
CY 2013 - \$ 44,154
CY 2014 - \$ 46,970
CY 2015 - \$ 49,398

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 \$26,100 in Fiscal Year 2010. These costs will be for the amendment of five administrative rules. Time and effort equates to approximately .23 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	0.2		0.1		
A-Salaries and Wages	16,200		16,200		
B-Employee Benefits	4,000		4,000		
E-Goods and Services	4,400		4,400		
J-Capital Outlays	1,500		1,500		
Total \$	\$26,100		\$26,100		

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
HEARINGS SCHEDULER	32,688	0.0		0.0		
TAX POLICY SP 3	69,756	0.2		0.1		
WMS BAND 3	88,546	0.0		0.0		
Total FTE's	190,990	0.2		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 will use the expedited process to amend WACs 458-19-045, titled "Levy limit -- Removal of limit (lid lift)"; 458-19-055, titled "Levy limit -- Proration of earmarked funds"; 458-19-069, titled "Levy limit -- Protection of future levy capacity"; 458-19-070, titled "Procedure to adjust consolidated levy rate for taxing districts when the statutory aggregate dollar rate limit is exceeded"; and 458-19-075, titled "Constitutional one percent limit calculation". Persons affected by this rule-making would be local taxing districts, assessors, and others involved in the levy setting process.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5432 SB	Title: Local services levy limits
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Increased revenue for cities that impose EMS levies
- ☒ Counties: Increased revenue
- ☒ Special Districts: Increased revenue for special districts that impose EMS levies
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Taxing districts may impose the higher rate
- ☒ Key variables cannot be estimated with certainty at this time: Specific expenditure impacts for local governments

Estimated revenue impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City	190,710	378,150	568,860	832,640	938,620
County	18,498,870	36,680,550	55,179,420	80,766,080	91,046,140
Special District	381,420	756,300	1,137,720	1,665,280	1,877,240
TOTAL \$	19,071,000	37,815,000	56,886,000	83,264,000	93,862,000
GRAND TOTAL \$	234,012,000				

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Darleen Muhly	Phone: (360) 725 5030	Date: 02/18/2009
Leg. Committee Contact: Dean Carlson	Phone: (360)786-7305	Date: 02/12/2009
Agency Approval: David Elliott	Phone: (360) 725 5033	Date: 02/18/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/19/2009

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill would remove non-supplanting requirements from levy lid lift revenue and would allow taxing district levying mental health, conservation futures, veteran's relief, or the permanent emergency medical services (EMS) levies to use a limit factor for property taxes of the greater of 101 percent or inflation.

This bill would remove the mental health levy and the veteran's levy from the county general levy, making them separate county levies not limited by the \$5.90 aggregate levy limit. These levies would be placed at the same level of prorationing as the county general levy for the constitutional one percent limit.

This bill would also remove participation requirements for six-year, 10-year, or permanent EMS levies and reduce the number of votes required for passage of those levies to a simple majority.

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.

This bill would have indeterminate expenditure impacts to local governments. This bill would increase levy revenue but would also remove non-supplanting requirements so expenditures would not necessarily increase in proportion to increased revenue.

This bill could also potentially decrease election costs for districts who run six-year, 10-year, or permanent EMS levy ballot propositions. Such savings would occur in cases where a district no longer needs to rerun a ballot proposition after receiving a simple majority but not a 60 percent majority of more than 40 percent of voters in the last general election.

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 significant (greater than \$30 million annually) revenue impact for local governments, according to the Department of Revenue fiscal note.

Approximately 97 percent of this revenue, the portion from the conservation futures, mental health and veteran levies would go to counties. The other three percent would come from EMS levies. Counties, cities, fire protection districts, regional fire protection service authorities, EMS districts, and public hospital districts may impose EMS levies. For the purposes of this fiscal note, LGFN will assume that two percent will go to special districts and one percent to cities.

SOURCES:

Department of Revenue

Department of Revenue fiscal note