

Multiple Agency Fiscal Note Summary

Bill Number: 3070 HB	Title: Fiscal reform
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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	0	0	3,948,000,000	3,948,000,000	6,080,000,000	6,080,000,000
Total \$	0	0	3,948,000,000	3,948,000,000	6,080,000,000	6,080,000,000

Local Gov. Courts *						
Local Gov. Other **						
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
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.4	0	502,721	.2	0	47,262	.2	0	47,262
Department of Revenue	63.3	29,181,400	29,181,400	451.4	117,591,400	117,591,400	509.2	98,094,400	98,094,400
Board of Tax Appeals	.0	0	0	2.8	514,708	514,708	5.0	942,323	942,323
Department of Corrections	1.0	146,340	146,340	1.0	139,080	139,080	1.0	139,080	139,080
Sentencing Guidelines Commission	.0	0	0	.0	0	0	.0	0	0
Total	64.7	\$29,327,740	\$29,830,461	455.4	\$118,245,188	\$118,292,450	515.4	\$99,175,803	\$99,223,065

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 25505

FNS029 Multi Agency rollup

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Board of Tax Appeals						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Department of Retirement Systems						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projeciton showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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

Judicial Impact Fiscal Note

Bill Number: 3070 HB	Title: Fiscal reform	Agency: 055-Admin Office of the Courts
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Part I: Estimates



No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Contact	Phone:	Date: 01/22/2010
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 01/22/2010
Agency Approval: Dirk Marler	Phone: 360-705-5211	Date: 01/22/2010
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 01/22/2010

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

Section 301 proposes a state income tax and defines the taxation rates.

Section 701 creates 3 new crimes:

- (1) Tax Evasion (a class C felony)
- (2) Failure to Collect Tax (a class C felony)
- (3) Failure to Pay Tax (a gross misdemeanor)

Sections 1001 and 1002 clarify that pension benefits paid to retired judges participating in the judicial retirement system and judge's retirement system are subject to the income tax.

Section 1008 clarifies that pension benefits paid to retired employees participating in the public employees' retirement system are subject to the income tax.

Section 1303 provides for contingent effective dates. If the constitutional amendment is approved in November 2010, section 1201 of the act takes effect January 1, 2011, and the remainder of the act takes effect January 1, 2012.

II. B - Cash Receipts Impact

No cash receipts are anticipated.

II. C - Expenditures

As Oregon is similar in size to Washington State and has a state income tax, it is assumed that Washington's experience would be similar. According to the Oregon State Court Administrator's Office there are an average of one to two cases of tax evasion per year. It is assumed that there would also be few cases filed in Washington State and that the expenditure impact to the court system would be minimal.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 3070 HB	Title: Fiscal reform	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ 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
Account					
Total \$					

Estimated Capital Budget Impact:

Total \$					

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:	Phone:	Date: 01/22/2010
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/26/2010
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/26/2010
OFM Review: Mike Steenhout	Phone: 360-902-0554	Date: 01/26/2010

Request # 055-1

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.

HB 3070 imposes a tax on all taxable income.

Earnings from investments:

Estimated earnings from investments are indeterminable. Without projected cash flows, OST is unable to estimate the 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 daily balances, and hence different earnings.

Based on the November 2009 Revenue Forecast, the net rate for estimating earnings for FY 10 is 0.90% and FY 11 is 0.90%. Approximately \$9,000 in FY 10 and \$9,000 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 3070 imposes a tax on all taxable income.

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: 3070 HB	Title: Fiscal reform	Agency: 124-Department of Retirement Systems
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.5	0.2	0.4	0.2	0.2
Account					
Department of Retirement Systems Expense Account-State 600-1	84,285	368,164	452,449	42,536	42,536
Deferred Compensation Administrative Account-Non-Appropriated 888 -6	9,365	40,907	50,272	4,726	4,726
Total \$	93,650	409,071	502,721	47,262	47,262

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:	Phone:	Date: 01/22/2010
Agency Preparation: George Pickett	Phone: 360-664-7950	Date: 01/22/2010
Agency Approval: Marcie Frost	Phone: 360-664-7224	Date: 01/22/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/22/2010

Request # 10-026-1

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.

This bill creates a graduated tax to be assessed on the income of residents of the state of Washington effective January 1, 2012.

The following sections in Part X apply this tax to the pension payments made to retirees in the public pension systems and plans currently* administered by the Department of Retirement Systems (DRS):

- Sec. 1001 amends RCW 2.10.180, Judicial Retirement System
- Sec. 1002 amends RCW 2.12.090, Judges' Retirement System
- Sec. 1006 amends RCW 41.32.052, Teachers' Retirement System
- Sec. 1007 amends RCW 41.35.100, School Employees' Retirement System
- Sec. 1008 amends RCW 41.40.052, Public Employees' Retirement System
- Sec. 1009 amends RCW 41.44.240, Statewide City Employees' Retirement
- Sec. 1010 amends RCW 41.26.053, Law Enforcement Officers' and Fire Fighters' Retirement System
- Sec. 1011 amends RCW 43.43.310, Washington State Patrol Retirement System

*This bill does not amend RCW 41.37.015, Public Safety Employees' Retirement System, which went into effect July 1, 2006.

Section 1005 also contains the amendment language stating that DRS is not prohibited from complying with the tax withholding requirements of Title 82A RCW; however, DRS does not administer the Volunteer Fire Fighters' and Reserve Officers' Relief and Pensions retirement system referenced in RCW 41.24.240.

Section 1012 amends RCW 6.15.025. Exemption of pension or retirement plan benefits from execution for judgment for out-of-state income tax and 1991 c 123 s 3 are each repealed.

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.

No impact.

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.

See attached.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.5	0.2	0.4	0.2	0.2
A-Salaries and Wages	27,973	10,689	38,662	21,378	21,378
B-Employee Benefits	8,917	3,442	12,359	6,884	6,884
C-Personal Service Contracts		159,500	159,500		
E-Goods and Services	56,760	235,440	292,200	19,000	19,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$93,650	\$409,071	\$502,721	\$47,262	\$47,262

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
Communications Consultant 3	53,148	0.3		0.2		
Fiscal Analyst 3	53,148		0.2	0.1	0.2	0.2
Information Tech Specialist 4	71,496	0.1		0.1		
Retirement Services Analyst 3	49,368	0.1		0.1		
Total FTE's	227,160	0.5	0.2	0.4	0.2	0.2

Part IV: Capital Budget Impact

No 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.

No impact.

II. C - Expenditures

Administrative Assumptions

- DRS will withhold state income tax from the pension payments of retirees/beneficiaries who reside in the state of Washington, for each of the systems and plans administered by DRS, including payments made by the Deferred Compensation Program as indicated on the IRS form W-4P on file with DRS.
- DRS will withhold income tax from lump sum distributions/withdrawals at a flat rate determined by the Department of Revenue (DOR).
- DRS will remit state income tax withheld to DOR.
- Income that is subject to the state income tax corresponds to the federal definition of taxable income, except as modified in Sections 401 to 503 of this bill.
- DRS will perform balancing, reconciling, remitting, and reporting activities for state and federal income taxes, involving both payroll and pension processes.

The assumptions above were used in developing the following workload impacts and cost estimates.

Benefits/Customer Service

Implementation of this bill requires significant modification to DRS' integrated information systems. An Information Technology Application Specialist and a Retirement Services Analyst will work with the programmers to identify system related business requirements and participate in user acceptance testing of the required system changes. Tasks required to implement the bill include the following:

- Define business requirements for the system modifications
- Conduct user acceptance testing of automated system modifications
- Update policies and procedures
- Update the Retirement Services Division (RSD) Online Operations Manual
- Conduct staff training

Retirement Services Analyst 3 – 252 hours (salaries/benefits)	\$7,961
Information Technology Specialist 4 – 112 hours (salaries/benefits)	<u>\$4,885</u>
Total Estimated Benefits/Customer Service Costs	\$12,846

Member/Retiree Communications

Withholding of a state income tax from pensions and other disbursements requires communication to assure members and retirees are aware of the changes. DRS' print and Internet forms and publications will be reviewed and modified to include this information. Hardcopies of the member handbooks will be updated during the regular printing cycle. Tasks required to implement the bill include the following:

- Develop and distribute approximately 140,000 notification letters to retirees
- Modify all necessary publications and forms to include state tax information
- Update Web versions of the online publications and handbooks upon the effective date of the bill
- Notify members and employers of the changes via standard agency communications
- Update retirement seminars and pension workshop materials to provide the new information

Printing and Envelope Cost Estimates	\$8,400
Communication Consultant 3 – 693 hours (salaries/benefits)	\$23,317
Retirement Services Analyst 3 – 23 hours (salaries/benefits)	<u>\$727</u>
Total Estimated Member/Retiree Communication Costs	\$32,444

Fiscal Unit

DRS currently withholds federal income tax and remits payments as required. Implementation of a state income tax will require similar processes of balancing, reconciling, remitting and reporting. Tasks required to implement the bill include the following:

- Develop and implement revised procedures for a state income tax
- Balance and remit state income tax payments to DOR twice monthly for employees
- Balance and remit state income tax payments to DOR for each monthly pension run, and twice weekly for other payments, for each retirement system administered by DRS
- Balance amounts withheld to amounts to be reported on employee W-2s (annually)
- Balance amounts withheld to amounts to be reported on IRS 1099-R forms for retirees and others in receipt of retirement funds, for each retirement system administered by DRS (annually)

Financial Analyst 3 – 420 hours each year (salaries/benefits)	<u>\$14,131</u>
Total Estimated Fiscal Unit Costs	\$14,131

Automated Systems

As noted above, this bill requires significant modification of DRS' integrated information systems. Tasks required to implement the bill include the following:

- Create a new state income tax withholding calculation process
- Modify the 1099 process to report state income tax withholding
- Review, analyze and design changes for state income tax withholding to over 100 modules in the Member Information, Benefits and Disbursement Systems
- Modify the Electronic Document Imaging System
- Create test plans and conduct user acceptance testing

Programming, testing and verification – 2,640 hours @ \$95 per hour	\$250,800
DIS cost* of \$500 per week for 66 weeks	<u>\$33,000</u>
Total Estimated Costs for Systems Modifications	\$283,800

**cost for mainframe computer processing time and resources at the Department of Information Services*

Record Keeping

DRS currently contracts with separate third-party vendors to provide record keeping services for participants in the Deferred Compensation Program and for Plan 3 members of the Teachers' Retirement System, School Employees' Retirement System and Public Employees' Retirement System. This bill would require modifications to the publications, Internet benefit calculators, forms and reporting systems maintained by the record keepers. Tasks required to implement this bill include the following:

- Modify the reporting systems to accommodate new tax changes
- Modify Internet-based benefit calculators
- Modify publications and forms in normal reprint cycles
- Include state income tax in annual remittance and reconciliation services

Cost for development and implementation	\$150,000
Additional annual cost for expanded remittance and reconciliation services	<u>\$9,500</u>
Total Estimated Record Keeping Costs	\$159,500

ESTIMATED TOTAL COST TO IMPLEMENT THIS BILL:

	<u>2009-11</u>	<u>2011-13</u>	<u>2013-15</u>
BENEFITS/CUSTOMER SERVICE	\$12,846	\$0	\$0
MEMBER COMMUNICATIONS	\$32,444	\$0	\$0
FISCAL UNIT	\$14,131	\$28,262	\$28,262
AUTOMATED SYSTEMS	\$283,800	\$0	\$0
RECORD KEEPING	<u>\$159,500</u>	<u>\$19,000</u>	<u>\$19,000</u>
ESTIMATED TOTAL COSTS	<u>\$502,721</u>	<u>\$47,262</u>	<u>\$47,262</u>

Department of Revenue Fiscal Note

Bill Number: 3070 HB	Title: Fiscal reform	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2010	FY 2011	2009-11	2011-13	2013-15
GF-State-State 00 - 00 -				11,969,000,000	17,925,000,000
GF-State-State 01 - Taxes 01 - Retail Sales Tax				(5,024,000,000)	(7,688,000,000)
GF-State-State 01 - Taxes 50 - Property Tax				(2,997,000,000)	(4,157,000,000)
Total \$				3,948,000,000	6,080,000,000

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		126.6	63.3	451.4	509.2
Account					
GF-STATE-State 001-1		29,181,400	29,181,400	117,591,400	98,094,400
Total \$		29,181,400	29,181,400	117,591,400	98,094,400

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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.

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- ☐ 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:	Phone:	Date: 01/22/2010
Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 01/22/2010
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 01/22/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/22/2010

Request # 3070-1-1

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.

The bill imposes a personal income tax, reduces the state retail sales and use tax rate, and eliminates the state property tax levy for schools.

Parts II through X - Imposing a Personal Income Tax

The income tax would be imposed on all taxable income of resident individuals, estates, and trusts and on all individuals, estates, and trusts deriving income from sources in Washington for each taxable year, based on the type of return filed and the amount of taxable income.

The tax does not apply to corporations. However, partners of partnerships and shareholders of S corporations are subject to tax in their separate or individual capacities.

The income tax has a graduated three-rate structure with rates of 2.2 percent, 3.5 percent and 6.0 percent. To illustrate the rate structure, the marginal rates for married couples filing jointly are shown below:

TAXABLE INCOME	TAX RATE
0 - \$ 49,900	2.2 percent of taxable income
\$ 49,001 - \$120,650	\$1,098 plus 3.5 percent of the excess over \$49,900
\$120,651 - over	\$3,574 plus 6.0 percent of the excess over \$120,650

The taxable income brackets for heads of households are set at 75 percent of the brackets for joint returns. For single filers and married couples filing separately, the bracket amounts are one-half of the joint return amounts.

For individuals, the tax is based on federal adjusted gross income ("AGI") with certain modifications (e.g., income from municipal bonds issued by other states is added back). A standard deduction of \$5,000 is provided for single filers. Joint returns with only one income are allowed a deduction of \$7,000; if both spouses have taxable income the deduction is increased up to \$10,000. For head of household, the standard deduction is \$7,000.

In addition, a personal exemption of \$2,900 for each exemption claimed under the federal income tax is provided; additional exemptions are provided for elderly and blind persons. Section 410 requires the dollar amount of the standard deductions and personal exemptions to be indexed for inflation.

Provisions are included for allocating and apportioning income to this state. A credit is also allowed for the amount of any state business and occupation or public utility taxes paid by an individual operating a business as a sole proprietor.

The bill establishes a system for employer withholding and payment of estimated income tax, including penalties for failure to pay and crimes for evasion. Return filing provisions are included that require tax returns to be filed at the same time federal income tax returns are filed. If an adjustment is made by the taxpayer to his or her federal income tax return, the taxpayer must file an adjusted return with the state of Washington within 30 days. If an adjustment is made by the Internal Revenue Service, an adjustment must be made by the taxpayer to the state of Washington income tax return within 90 days.

The bill provides the Department of Revenue (Department) with rule-making authority to administer and enforce the income tax. The rules to the extent possible must follow the Internal Revenue Code and regulations and rulings of the Treasury Department with respect to the federal income tax.

The bill gives the Board of Tax Appeals jurisdiction over appeals related to income tax.

The personal income tax is contingent upon approval by the voters of a constitutional amendment at the general election in November 2010. If the voters approve the amendment, then the income tax would take effect January 1, 2012. The first actual payment of income tax for income earned during calendar year 2012 would be due on April 15, 2013 (although withholding and estimated payments would be due during 2012).

PART XI - Reducing the State Sales Tax

The state retail sales and use tax rate is reduced under this bill from 6.5 percent to 3.5 percent. This reduction is contingent upon voter approval of the income tax amendment as noted above and would take effect January 1, 2012.

Part XII - Eliminating the State Property Tax

Currently, the state levies a property tax for the support of the common schools. A portion of the state levy is deposited into the student achievement fund. Also, the State Treasurer transfers money from the taxes collected from the state levy to the general fund for payment on bonds issued for common school construction.

The aggregate of all regular levies, including the state levy and excluding ports and public utility districts, is limited to 1 percent of the true and fair value in money.

Contingent on the ratification of the income tax amendment, this proposal eliminates the state levy beginning with taxes levied for collection in 2012. The proposal replaces the portion of the state levy that is deposited into the student achievement fund with a portion of the state income tax.

Also, this proposal reduces the one-percent levy limit to 0.64 percent of the true and fair value in money

This proposal also eliminates the transfer by the State Treasurer of money from the state levy to the general fund for payment on bonds issued for common school construction.

Effective Date(s):

If the proposed amendment to Article VII of the state Constitution authorizing income taxes is submitted, approved and ratified by the voters at a general election held in November 2010, then the provisions of this bill take effect as noted above. If the proposed amendment is not approved and ratified, the entire act is null and void.

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 Sources:

Federal income tax returns for tax year 2007;
Office of the Forecast Council, November 2009 forecast.
Department of Revenue excise tax returns.

REVENUE ESTIMATES

Sections 301 and 407:

For individuals, the tax base is federal adjusted gross income ("AGI") with certain modifications (e.g., income from municipal bonds issued by other states is added back). A standard deduction of \$5,000 is provided for single filers. Joint returns with only one income are allowed a deduction of \$7,000; if both spouses have taxable income the deduction is increased to \$10,000. In addition, a personal exemption of \$2,900 for each exemption claimed under the federal income tax is provided; additional exemptions are provided for elderly and blind persons. Pursuant to Section 410, the dollar amount of the standard deductions and personal exemptions are to be indexed for inflation.

The revenue impact of sections 301 and 407, excluding other adjustments found in this legislation is:

Married filing jointly

TAXABLE INCOME	TAX RATE	TAX DUE FY 2012
\$0 - \$49,900	2.2%	\$285,000,000
\$49,001 - \$120,650	\$1,098 plus 3.5%	\$1,184,000,000
\$120,651 - over	\$3,574 plus 6%	\$5,190,000,000

Head of household

TAXABLE INCOME	TAX RATE	TAX DUE FY 2012
\$ 0 - \$37,425	2.2%	\$87,000,000
\$ 37,426 - \$90,488	\$823 plus 3.5%	\$90,000,000
\$ 90,489 - over	\$2,681 plus 6%	\$108,000,000

Single and others

TAXABLE INCOME	TAX RATE	TAX DUE FY 2012
\$ 0 - \$24,950	2.2%	\$169,000,000
\$ 24,951 - \$60,325	\$549 plus 3.5%	\$427,000,000
\$ 60,326 - over	\$1,787 plus 6%	\$1,106,000,000

Section 304 - B&O Tax Credit:

A credit is allowed for persons paying both the B&O tax and the personal income tax. This credit is allowed to individuals operating a business as a sole proprietor. This credit results in a reduction of tax of approximately \$192 million in FY 2012.

Section 305 - Public Utility Tax Credit:

A credit is allowed for persons paying both the state public utility tax and the personal income tax. This credit is allowed to individuals operating a business as a sole proprietor. This credit results in a reduction of tax of approximately \$6.6 million in FY 2012.

The following compares the revenue impacts for the three major elements of this tax package for the first two fiscal years.

	Fiscal Year 2012	Fiscal Year 2013
State income tax yield	\$3,520,000,000	\$8,449,000,000
Reduction of state sales tax	(1,478,000,000)	(3,546,000,000)
Elimination of state levy	(1,017,000,000)	(1,980,000,000)
NET CHANGE	\$1,025,000,000	\$2,923,000,000

Property Taxes

If this bill becomes effective, it will result in losses from the state property tax levy of an estimated \$1.017 billion for Fiscal Year 2012 and \$1.980 billion in Fiscal Year 2013, the first full fiscal year.

Reducing the one-percent levy limit for the aggregate of all regular levies to 0.64 percent, while not currently having an effect on local levies, could reduce or eliminate some local levies in the future if property tax rates increase enough to cause the limit to be reached. Property tax rates can increase with assessed value decreases or when a lid lift is passed by local voters authorizing a higher levy that otherwise would be allowed.

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

State Government, Impact on Revenues (\$000):

CY 2011 - \$ 0
CY 2012 - \$ (1,947,850)
CY 2013 - \$ (2,010,187)
CY 2014 - \$ (2,074,007)
CY 2015 - \$ (2,139,330)

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

Local Government, Impact on Revenues (\$000): None

Local Government, (\$000), Shift of Tax Burden: 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

To implement this legislation, the Department will incur costs of approximately \$29,181,400 during Fiscal Year 2011. These are programming costs to set up, test, and verify the systems to handle the tax and the required withholding from employers. Development of programs, handling and processing returns, questions from employers and taxpayers, and informational workshops are included. Object costs for printing booklets, returns, a special notice, imaging, postage, site license, and a lock box are also included. Time and effort spent would equal 126.6 FTEs.

Fiscal Year 2012 costs are approximately \$71,689,500. These are costs to complete the initial programming of the systems and for the development of five new administrative rules. Ongoing costs include audit, compliance, handling appeals, maintenance of systems, answering questions, processing tax returns, and conducting taxpayer workshops. Object costs that are ongoing include printing and postage, imaging, site license, media, booklets, and lockbox. Time and effort spent would equal 398.5 FTEs.

The Department will incur estimated costs of \$117,591,400 in the 2011-2013 Biennium. These costs include the ongoing costs mentioned above and costs to process refunds and mail the required Internal Revenue Forms (1099-G) to taxpayers. Time and effort spent would equal 506.7 FTEs.

The Department will incur estimated costs of \$98,094,400 in the 2013-2015 Biennium. These are ongoing costs mentioned above. Time and effort spent would equal 509.2 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		126.6	63.3	451.4	509.2
A-Salaries and Wages		4,863,100	4,863,100	43,443,400	50,052,400
B-Employee Benefits		1,215,800	1,215,800	10,860,800	12,513,100
C-Personal Service Contracts		45,500	45,500		
E-Goods and Services		22,234,100	22,234,100	58,736,200	32,405,000
G-Travel				979,500	1,220,000
J-Capital Outlays		822,900	822,900	3,571,500	1,903,900
Total \$		\$29,181,400	\$29,181,400	\$117,591,400	\$98,094,400

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
BUDGET ANALYST 3	51,861		1.3	0.7	1.3	1.3
COMMUNICATIONS CNSLT 3	47,014				2.0	2.0
EXCISE TAX EX 2	42,583				68.6	68.6
EXCISE TAX EX 3	50,563		6.0	3.0	17.5	18.0
FISCAL ANALYST 3	47,014		12.3	6.2	7.3	2.3
FORMS AND RECORDS ANALYST	37,626				2.0	2.0
2						
GRAPHIC DESIGNER SENIOR	43,574				3.0	3.0
HEARINGS SCHEDULER	32,688				0.0	
HUM RES CNSLT 1	41,506		1.0	0.5	1.0	1.0
HUM RES CNSLT 3	51,861		1.0	0.5	1.0	1.0
HUM RES CNSLT 4	57,234		2.0	1.0	2.0	2.0
INFO TECH S/A S 6	76,990		5.0	2.5	4.5	4.0
IT SPEC 4	63,195		2.0	1.0	3.0	3.0
OFF ASST 2	27,809				5.0	5.0
OFF ASST 3	29,780		89.0	44.5	9.0	9.0
OFF ASST LEAD	31,175				4.0	4.0
REVENUE AGENT 2	47,014				138.0	71.0
REVENUE AGENT 3	51,861					113.0
REVENUE AGENT 4	54,505				29.0	29.0
REVENUE AUDITOR 1	40,527				7.5	10.0
REVENUE AUDITOR 2	48,164				18.0	24.0
REVENUE AUDITOR 3	54,505				11.5	15.0
TAX INFO SPEC 1	36,757				25.0	52.0
TAX INFO SPEC 2	39,511				2.0	2.0
TAX INFO SPEC 3	48,164				10.0	10.0
TAX POLICY SP 2	61,628				0.0	
TAX POLICY SP 3	69,756				5.1	5.0
TAX SERV REP 1	32,693				27.0	5.0
WMS BAND 1	63,158				26.0	26.0
WMS BAND 2	77,790		7.0	3.5	15.0	15.0
WMS BAND 3	88,546				6.0	6.0
Total FTE's	1,547,052		126.6	63.3	451.4	509.2

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 bill become law, the Department anticipates creating a new chapter in Title 458 WAC to provide rules for the administration of this new tax. Five new rules will be adopted using the standard process.

Persons affected by these rules would be taxpayers who owe income tax and businesses who need to withhold taxes.

Individual State Agency Fiscal Note

Bill Number: 3070 HB	Title: Fiscal reform	Agency: 142-Board of Tax Appeals
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	0.0	0.0	2.8	5.0
Account					
General Fund-State 001-1	0	0	0	514,708	942,323
Total \$	0	0	0	514,708	942,323

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:	Phone:	Date: 01/22/2010
Agency Preparation: Victoria Walker	Phone: (360) 753-5446	Date: 01/26/2010
Agency Approval: Steve Saynisch	Phone: 360-753-5446	Date: 01/26/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/26/2010

Request # 3070.1-3

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.

Part IX APPEALS

The Washington State Legislature created the Board of Tax Appeals (Board) as an independent state agency in 1967 to provide taxpayers and taxing authorities with an accessible, fair and efficient appeals process. The Board hears appeals from decisions of the County Boards of Equalization and the State Department of Revenue (Department). Eleven major appeal types prescribed by law in RCW 82.03.130 currently make up the Board's jurisdiction.

Section 901 (1) (m) of the bill amends RCW 82.03.130 to give the Board of Tax Appeals jurisdiction over all appeals related to income tax.

As presently written, the bill does not provide for an intermediate step, for example to the Department, in the appeals process. We provide this fiscal note on the assumption that income tax appeals will come directly to the Board of Tax Appeals. The Board analyzed appeal statistics from other state's boards with a state income tax to determine workload and manpower requirements for this fiscal note. We also considered income tax appeal estimates as provided by the Department.

Effective Date(s):

If the proposed amendment to Article VII of the state Constitution authorizing income taxes is submitted, approved and ratified by the voters at a November 2010 general election, then section 1201 of this act would take effect January 1, 2011, and the remainder of the act on January 1, 2012. The first state income tax return filing with the Department would be April 15, 2012. Based on these effective dates, it is anticipated the first appeals to the Board of Tax Appeals relating to income tax deficiencies and refunds, including penalties and interest, would occur during the 4th quarter, fiscal year 2012. The act takes effect only if the proposed amendment is approved by the voters during the November 2010 general election.

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.

No Cash Receipts. The Board of Tax Appeals does not generate fees.

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.

As noted earlier, the addition of an estimated 300 income tax appeals per fiscal year to this Board will require 5.0 FTE: 3.0 EMS Tax Referees and 2.0 Legal Secretary 2 hired in May and June 2012. In addition to salaries and benefits required for these new positions, there will be one time start-up costs in FY2012 and early FY2013 for equipment, furniture and installation. There will be ongoing costs beginning FY2013 for items such as supplies, communications,

copying, training, information technology upgrades, and travel to attend hearings. Funding has not been included in the legislation and the Board cannot absorb the workload and accompanying costs.

A review of the bill and its added responsibilities when compared to the current function of the Board indicate there will be no cost savings. However, by adding these responsibilities to the Board rather than allowing the court system to assume the responsibilities, there is a cost avoidance to the Washington State taxpayers in general.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years				2.8	5.0
A-Salaries and Wages				326,373	609,096
B-Employee Benefits				90,868	169,988
C-Personal Service Contracts					
E-Goods and Services				78,329	146,183
G-Travel				8,159	15,228
J-Capital Outlays				10,979	1,828
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	\$514,708	\$942,323

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
Legal Secretary 2	35,928				1.1	2.0
Tax Referee	74,508				1.6	3.0
Total FTE's	110,436				2.8	5.0

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.

As the Board's rules (Title 456) are directed toward appeals dealing with the state's present tax structure, they will need to be revised, amended, and otherwise changed to accommodate appeals relating to the income tax.

Individual State Agency Fiscal Note

Bill Number: 3070 HB	Title: Fiscal reform	Agency: 310-Department of Corrections
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
General Fund-State 001-1	76,800	69,540	146,340	139,080	139,080
Total \$	76,800	69,540	146,340	139,080	139,080

Estimated Capital Budget Impact:

Total \$					

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:	Phone:	Date: 01/22/2010
Agency Preparation: Colline Cummins	Phone: (360) 725-8305	Date: 01/22/2010
Agency Approval: Susan Lucas	Phone: (360) 725-8277	Date: 01/22/2010
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 01/22/2010

Request # 066-1

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.

Section I through VI proposes a new income tax on State of Washington residents.

Section VII creates a new unranked Class C felony offense for:

- (1) A person who knowingly attempts to evade the proposed income tax under the proposal;
- (2) Persons required to collect taxes who knowingly fail to collect, truthfully account for, or pay over the tax.

A gross misdemeanor is created for any person who knowingly fails to pay the tax or estimated tax, keep records, or supply required information.

Section VIII outlines the administrative provisions

Section XI reduces the state sales tax from 6 5/10% to 3 5/10%.

Section XII eliminates the state property tax.

Section XIII outlines the effective dates of the proposed tax.

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.

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.

Agency Payroll Deduction:

The Department of Corrections would be required to withhold state income tax from employees pay. The Department assumes that the State's payroll system HRMS would be modified to collect the tax as part of the bi-monthly payroll processes. Department assumes staff will be required to provide some oversight, auditing, and reporting as required by the proposed legislation.

The Department based on the proposed legislation assumes 1.0 Financial Analyst 3 position will provide the agency oversight for the new tax. The Department may require additional staff depending on the changes implemented in the state's payroll system and each Department's requirements to enter, monitor, and validate the data in the system.

New Class C Unranked Felony Offense as defined in Section VI:

The Sentencing Guidelines Commission (SGC) has no information with which to predict how the changes proposed by the bill will affect the number of sentences per fiscal year for the new offense and therefore, cannot reliably estimate bed impacts. The offense is a Class C felony, not ranked on the adult felony sentencing grid; it is punishable by a term of confinement of 0 to 12 months in jail. Therefore, any impact will be on jail beds, unless an exceptional sentence is ordered which results in a prison sentence. The Department assumes no fiscal impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	48,000	48,000	96,000	96,000	96,000
B-Employee Benefits	17,500	17,500	35,000	35,000	35,000
C-Personal Service Contracts					
E-Goods and Services	3,800	3,800	7,600	7,600	7,600
G-Travel	240	240	480	480	480
J-Capital Outlays	7,500		7,500		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$77,040	\$69,540	\$146,580	\$139,080	\$139,080

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
Fiscal Analyst III	48,000	1.0	1.0	1.0	1.0	1.0
Total FTE's	48,000	1.0	1.0	1.0	1.0	1.0

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Administrative Services Division (100)	76,800	69,540	146,340	139,080	139,080
Total \$	76,800	69,540	146,340	139,080	139,080

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: 3070 HB	Title: Fiscal reform	Agency: 325-Sentencing Guidelines Commission
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Total \$					

Estimated Capital Budget Impact:

Total \$					

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:	Phone:	Date: 01/22/2010
Agency Preparation: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 01/22/2010
Agency Approval: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 01/22/2010
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 01/22/2010

Request # 325-10-034-1

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.

This bill would require modification of the Commission’s database and data entry programs. The agency’s budget does not have funding for updating the database or data entry programs. We estimate it would take approximately 10 hours to update the database or data entry programs to reflect the change in this bill. Using a fee estimate of \$110/hr, the cost would be \$1,100.

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.

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.

HB 3070
STATE INCOME TAX REVENUES
325 – Sentencing Guidelines Commission
January 22, 2010

SUMMARY

A brief description of what the measure does that has fiscal impact

Part VII - Section 701

This section creates a new unranked - class C felony for:

- (1) persons who knowingly attempt to evade the proposed income tax under this title or the payment thereof; or
- (2) persons required to collect taxes who knowingly fail to collect, truthfully account for, or pay over the tax.

A new gross misdemeanor is created for any person who knowingly fails to pay the tax or estimated tax, keep records, or supply required information.

Part XIII - Section 1303

Section 701 of this act will be effective January 1, 2012, if it is ratified by the voters in a general election in November 2010.

EXPENDITURES

Assumptions

None

Impact on the Sentencing Guidelines Commission

This bill would require modification of the Commission's database and data entry programs. The agency's budget does not have funding for updating the database or data entry programs. We estimate it would take approximately 10 hours to update the database or data entry programs to reflect the change in this bill. Using a fee estimate of \$110/hr, the cost would be \$1,100.

Impact on prison and jail beds

Persons who violate the provisions of this bill pertaining to the payment or collection of the proposed income tax may be guilty of a new unranked class C offense. This new offense has not been part of the Sentencing Guidelines Commission historical data collection and therefore, we can not project the exact bed impact of these crimes. However, an unranked class C felony offense has a standard sentencing range of 0 to 12 months and a statutory maximum of 60 months. A violation of this provision would likely impact jail beds.



Multiple Agency Ten-Year Analysis Summary

Bill Number 3070 HB	Title Fiscal reform
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts (Dollars in Thousands)

Agency Name	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Admin Office of the Courts	0	0	0	0	0	0	0	0	0	0	0
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Retirement Systems	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	1,025,000,000	2,923,000,000	3,001,000,000	3,079,000,000	3,158,000,000	3,252,740,000	3,350,322,200	3,450,831,866	23,239,894,066
Board of Tax Appeals	0	0	0	0	0	0	0	0	0	0	0
Department of Corrections	0	0	0	0	0	0	0	0	0	0	0
Sentencing Guidelines Commission	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1,025,000,000	2,923,000,000	3,001,000,000	3,079,000,000	3,158,000,000	3,252,740,000	3,350,322,200	3,450,831,866	23,239,894,066



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 055 Admin Office of the Courts
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 1/22/2010 1:36:14 pm
Agency Approval: Dirk Marler	Phone: 360-705-5211	Date: 1/22/2010 1:36:14 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 090 Office of State Treasurer
-------------------------------	-------------------------------	------------------------------------------------

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 1/26/2010 12:33:43 am
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 1/26/2010 12:33:43 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 124 Department of Retirement Systems
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Narrative Explanation (Required for Indeterminate Cash Receipts)

The impact on state revenue associated with DRS withholding state income tax from pension payments would be reflected in the Department of Revenue's fiscal note.

Agency Preparation: George Pickett	Phone: 360-664-7950	Date: 1/22/2010 11:49:41 am
Agency Approval: Marcie Frost	Phone: 360-664-7224	Date: 1/22/2010 11:49:41 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ No Cash Receipts
 ☐ Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Elimination of the State Levy	001			(1,017,000,000)	(1,980,000,000)	(2,045,000,000)	(2,112,000,000)	(2,182,000,000)	(2,247,460,000)	(2,314,883,800)	(2,384,330,314)	(16,282,674,114)
Reduction of State Sales Tax	001			(1,478,000,000)	(3,546,000,000)	(3,741,000,000)	(3,947,000,000)	(4,164,000,000)	(4,288,920,000)	(4,417,587,600)	(4,550,115,228)	(30,132,622,828)
State Income Tax	001			3,520,000,000	8,449,000,000	8,787,000,000	9,138,000,000	9,504,000,000	9,789,120,000	10,082,793,600	10,385,277,408	69,655,191,008
Total				1,025,000,000	2,923,000,000	3,001,000,000	3,079,000,000	3,158,000,000	3,252,740,000	3,350,322,200	3,450,831,866	23,239,894,066

Biennial Totals
3,948,000,000
6,080,000,000
6,410,740,000
6,801,154,066
23,239,894,066

Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 1/22/2010 3:34:52 pm
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 1/22/2010 3:34:52 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 142 Board of Tax Appeals
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Victoria Walker	Phone: (360) 753-5446	Date: 1/26/2010 9:54:15 am
Agency Approval: Steve Saynisch	Phone: 360-753-5446	Date: 1/26/2010 9:54:15 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 310 Department of Corrections
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Colline Cummins	Phone: (360) 725-8305	Date: 1/22/2010 3:16:03 pm
Agency Approval: Susan Lucas	Phone: (360) 725-8277	Date: 1/22/2010 3:16:03 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 3070 HB	Title Fiscal reform	Agency 325 Sentencing Guidelines Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 1/22/2010 4:27:50 pm
Agency Approval: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 1/22/2010 4:27:50 pm
OFM Review:	Phone:	Date: