

Multiple Agency Fiscal Note Summary

Bill Number: 6599 SB	Title: High performnce building stds
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	33,100,000	33,153,000	94,000,000	94,150,000	92,300,000	92,448,000
Total \$	33,100,000	33,153,000	94,000,000	94,150,000	92,300,000	92,448,000

Local Gov. Courts *						
Local Gov. Other **		11,484,000		32,670,000		31,977,000
Local Gov. Total		11,484,000		32,670,000		31,977,000

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	.3	137,515	137,515	.0	0	0	.0	0	0
Department of Revenue	.1	10,500	10,500	.0	0	0	.0	0	0
Total	0.4	\$148,015	\$148,015	0.0	\$0	\$0	0.0	\$0	\$0

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

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Commerce						
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.

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

** See local government fiscal note

FNPID 25978

FNS029 Multi Agency rollup

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 25978

Individual State Agency Fiscal Note

Bill Number: 6599 SB	Title: High performnce building stds	Agency: 103-Department of Commerce
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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	0.6	0.3	0.0	0.0
Account					
General Fund-State 001-1	0	137,515	137,515	0	0
Total \$	0	137,515	137,515	0	0

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:	Karen Campbell	Phone: 360-786-7448	Date: 01/22/2010
Agency Preparation:	Cory Plantenberg	Phone: (360) 725-3111	Date: 01/27/2010
Agency Approval:	Tony Usibelli	Phone: 360-725-3110	Date: 01/27/2010
OFM Review:	Tristan Wise	Phone: (360) 902-0538	Date: 01/27/2010

Request # 061-500-1

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 1 requires the Department of Commerce to define a “high performance buildings standard.”

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTION: Commerce will hold three public meetings to gather information and one public hearing for adoption of rules. The Department of Commerce will consider at least four alternative standards before adopting a high performance building standard.

Salaries and benefits

Commerce estimates 0.5 FTE of an EMS 2 to develop draft high performance building standards and arrange for the stakeholder review process.

FY2011 - \$60,860

Contracts

FY2011 - \$50,000 to assist with information gathering and the conducting the stakeholder meetings.

Goods and Services

FY2011: \$26,143

-standard G&S: \$23,165

-space and utilities: \$1,278

-non-standard G&S:\$1,700 (\$1,000 for Attorney General costs, \$200 for printing, \$500, for meeting space)

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

and other support services.

Travel

FY2011: \$512

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.6	0.3		
A-Salaries and Wages		48,450	48,450		
B-Employee Benefits		12,410	12,410		
C-Personal Service Contracts		50,000	50,000		
E-Goods and Services		26,143	26,143		
G-Travel		512	512		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$137,515	\$137,515	\$0	\$0

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
EMS Band 2	96,900		0.5	0.3		
Various Administrative Services			0.1	0.1		
Total FTE's	96,900		0.6	0.3		0.0

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Agency Administration (100)		21,301	21,301		
Energy Policy (500)		116,214	116,214		
Total \$		137,515	137,515		

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.

The Department of Commerce will adopt rules to define the high performance building standards.

Request # 061-500-1

Department of Revenue Fiscal Note

Bill Number: 6599 SB	Title: High performnce building stds	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 01 - Taxes 01 - Retail Sales Tax		33,100,000	33,100,000	94,000,000	92,300,000
Performance Audit-State 01 - Taxes 01 - Retail Sales Tax		53,000	53,000	150,000	148,000
Total \$		33,153,000	33,153,000	94,150,000	92,448,000

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.1	0.1		
Account					
GF-STATE-State 001-1		10,500	10,500		
Total \$		10,500	10,500		

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:	Karen Campbell	Phone: 360-786-7448	Date: 01/22/2010
Agency Preparation:	Skeets Johnson	Phone: 360-570-6075	Date: 01/25/2010
Agency Approval:	Don Gutmann	Phone: 360-570-6073	Date: 01/25/2010
OFM Review:	Ryan Black	Phone: 360-902-0417	Date: 01/25/2010

Request # 6599-2-2

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects a revision to include a ten-year I-960 analysis, and supersedes fiscal note number 6599-1.

This proposal makes changes in existing sales/use tax deferral/exemption programs. The change restricts the deferral/exemption to projects meeting the gold or platinum certification standard level of the leadership in energy and environmental design (LEED) system.

The programs impacted are the rural deferral program - chapter 82.60 RCW, the high technology deferral - chapter 82.63 RCW, the fruit/vegetable/warehousing deferral - chapter 82.74 RCW, the biomedical manufacturing deferral - chapter 82.75 RCW, and the headquarters deferral - chapter 82.82 RCW.

The bill also extends out the sunset date for the rural deferral program (chapter 82.60 RCW) from July 1, 2010, to July 1, 2012.

The proposal would become effective 60 days after session ends.

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

Fiscal note impacts are based on historic and expected trends in activity and do not attempt to model behavioral changes by taxpayers. Based on information on projects from the LEED web site, it appears that this system of certification representing energy and environmental design concepts has been primarily used in commercial, governmental, and office facilities with limited use in industrial or warehouse types of facilities. Therefore, it appears that a behavioral change by taxpayers would be required for all eligible taxpayers to use the existing deferral programs without a reduction in exemption level. For purposes of the fiscal note, the analyst has made relatively arbitrary assumptions about prior qualification levels of various types of construction at each of the levels of certification. Because of this, the fiscal estimate has a wider margin of error than normal.

The proposal extends the rural deferral program which reduces revenue from current law, although at an 87 percent reduction from current level assumed. For other deferral programs the range of reduced eligibility is assumed to be between 61 percent and 90 percent. The net change for all programs is a revenue increase.

REVENUE ESTIMATES

Given the above assumptions, the revenue increase in Fiscal Year 2011 is about \$33.2 million.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2010 -	\$ 0
FY 2011 -	\$ 33,153
FY 2012 -	\$ 44,471

FY 2013 - \$ 49,679
FY 2014 - \$ 55,789
FY 2015 - \$ 36,659

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

FY 2010 - \$ 0
FY 2011 - \$ 11,600
FY 2012 - \$ 15,600
FY 2013 - \$ 17,400
FY 2014 - \$ 19,500
FY 2015 - \$ 12,800

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

Assumption: Department of Commerce will certify the LEEDS gold standard has been met. Department of Commerce will notify both the owner of the building and Department of Revenue of the certification.

To implement this legislation, the Department of Revenue will incur costs of approximately \$10,500 during Fiscal Year 2011. These costs are for amending two administrative rules.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.1	0.1		
A-Salaries and Wages		6,500	6,500		
B-Employee Benefits		1,600	1,600		
E-Goods and Services		1,800	1,800		
J-Capital Outlays		600	600		
Total \$		\$10,500	\$10,500		

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		0.1	0.0		
WMS BAND 3	88,546		0.0	0.0		
Total FTE's	190,990		0.1	0.1		

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department of Revenue will use the Expedited process to amend WAC 458-20-24001-Sales and use tax deferral -- Manufacturing and research/development activities in rural counties -- Applications filed after March 31, 2004, and WAC 458-20-24003-Tax incentives for high technology businesses. Persons

Request # 6599-2-2

affected by this rule-making would include those building the type of facilities mentioned in the allowable areas.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 6599 SB	Title: High performnce building stds
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Substantial increase of sales tax revenue (greater than \$1,000,000 annually)
- ☒ Counties: Same as above
- ☒ Special Districts: Same as above for special districts that generate sales tax revenues
- ☐ Specific jurisdictions 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	FY 2010	FY 2011	2009-11	2011-13	2013-15
City		4,348,991	4,348,991	12,372,129	12,109,690
County		4,249,080	4,249,080	12,087,900	11,831,490
Special District		2,885,929	2,885,929	8,209,971	8,035,820
TOTAL \$		11,484,000	11,484,000	32,670,000	31,977,000
GRAND TOTAL \$					76,131,000

Estimated expenditure impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					0

Part III: Preparation and Approval

Fiscal Note Analyst: Cezanne Murphy-Levesque	Phone: 360/725-5036	Date: 01/25/2010
Leg. Committee Contact: Karen Campbell	Phone: 360-786-7448	Date: 01/22/2010
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/25/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/25/2010

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 change existing sales and use tax deferral and exemption programs. The programs impacted would be the rural deferral program, the high technology research and development deferral, the agricultural products and cold storage deferral, the biomedical manufacturing deferral, and the corporate headquarters in a community empowerment zone deferral. The change would restrict the deferral/exemption to projects meeting the Gold or Platinum certification level of the Leadership in Energy and Environmental Design (LEED) system.

The bill would also extend the sunset date for the rural deferral program from July 1, 2010, to July 1, 2012.

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.

No expenditure impact is expected because administration of these sales and use tax exemption programs are handled at the taxpayer and state levels.

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.

Local governments would see an overall increase in sales and use tax revenues of an estimated \$11.6 million, or more beginning in FY 2011, according to the Department of Revenue (DOR). The bill would extend the rural deferral program which results in reduced revenue. However, this bill also reduces the eligibility for the other deferral programs, increasing revenue. The net change for all programs would be a revenue increase.

The bill would result in the following increase of local sales tax revenue for local government, according to DOR:

FY 2010 -	\$ 0
FY 2011 -	\$ 11,600,000
FY 2012 -	\$ 15,600,000
FY 2013 -	\$ 17,400,000
FY 2014 -	\$ 19,500,000
FY 2015 -	\$ 12,800,000

The estimated sales tax revenue increase by counties, cities, and special districts would be distributed as follows:

	County	City	Special District
FY 2010	\$ -	\$ -	\$ -
FY 2011	\$ 4,249,080	\$4,348,991	\$2,885,929
FY 2012	\$ 5,714,280	\$5,848,643	\$3,881,077
FY 2013	\$ 6,373,620	\$6,523,486	\$4,328,894
FY 2014	\$ 7,142,850	\$7,310,804	\$4,851,346
FY 2015	\$ 4,688,640	\$4,798,886	\$3,184,474

METHODOLOGY:

The distributions in this note for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from 2008. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. This results in a distribution of 37.00 percent to counties, 37.87 percent to cities and 25.13 percent to special districts. The 1 percent DOR administrative fee has also been deducted.

DOR ASSUMPTIONS:

Fiscal note impacts are based on historic and expected trends in activity and do not attempt to model behavioral changes by taxpayers. For purposes of the fiscal note, the analyst has made relatively arbitrary assumptions about prior qualification levels of various types of construction at each of the levels of certification. Because of this, the fiscal estimate has a wider margin of error than normal. The proposal extends the rural deferral program which reduces revenue from current law; an 87 percent reduction in exemption is assumed. For other deferral programs, the range of reduced eligibility is assumed to be between 61 percent and 90 percent. The net change for all programs is a

revenue increase.

SOURCES:

Department of Revenue Fiscal Note

Department of Revenue Local Tax Distributions



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
6599 SB	High performnce building stds

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
Department of Commerce	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	33,153,000	44,471,000	49,679,000	55,789,000	36,659,000	3,105,000	2,204,000	801,000	801,000	226,662,000
Department of Commerce	0	0	0	0	0	0	0	0	0	0	0
Total	0	33,153,000	44,471,000	49,679,000	55,789,000	36,659,000	3,105,000	2,204,000	801,000	801,000	226,662,000



Ten-Year Analysis

Bill Number 6599 SB	Title High performnce building stds	Agency 103 Department of Commerce
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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: Cory Plantenberg	Phone: (360) 725-3111	Date: 1/27/2010 2:37:13 pm
Agency Approval: Tony Usibelli	Phone: 360-725-3110	Date: 1/27/2010 2:37:13 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6599 SB	Title High performnce building stds	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
Retail Sales Tax	001		33,100,000	44,400,000	49,600,000	55,700,000	36,600,000	3,100,000	2,200,000	800,000	800,000	226,300,000
Retail Sales Tax	553		53,000	71,000	79,000	89,000	59,000	5,000	4,000	1,000	1,000	362,000
Total			33,153,000	44,471,000	49,679,000	55,789,000	36,659,000	3,105,000	2,204,000	801,000	801,000	226,662,000

Biennial Totals	33,153,000	94,150,000	92,448,000	5,309,000	1,602,000	226,662,000
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Agency Preparation: Skeets Johnson	Phone: 360-570-6075	Date: 1/25/2010 1:15:37 pm
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 1/25/2010 1:15:37 pm
OFM Review:	Phone:	Date: