

MultipleAgencyFiscalNoteSummary

BillNumber: 1018HB_1018AMH
LONG24

Title: Disastertaxrelief

EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
DepartmentofRevenue	(1,214,500)	(1,214,500)	0	0	0	0
Total:	(1,214,500)	(1,214,500)	0	0	0	0

LocalGov.Courts*						
LocalGov.Other**						
LocalGov.Total						

EstimatedExpenditures

AgencyName	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
DepartmentofRevenue	.8	108,000	108,000	.0	0	0	.0	0	0
MilitaryDepartment	.0	0	0	.0	0	0	.0	0	0
Total:	0.8	\$108,000	\$108,000	0.0	\$0	\$0	0.0	\$0	\$0

LocalGov.Courts*									
LocalGov.Other**									
LocalGov.Total									

--

Preparedby: TristanWise,OFM	Phone: 360-902-0546	DatePublished: Final3/29/2001
------------------------------------	-------------------------------	---

* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

Department of Revenue Fiscal Note

Bill Number: 1018HB_1018 AMH LONG24	Title: Disaster tax relief	Agency: 140-Department of Revenue
---	-----------------------------------	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
GF-STATE-State 01-Taxes01-RetailSalesTax	(1,214,500)		(1,214,500)		
Total	(1,214,500)		(1,214,500)		

Estimated Expenditures from:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	1.6	0.0	0.8	0.0	0.0
Fund					
GF-STATE-State 001-1	108,000	0	108,000	0	0
Total	108,000	0	108,000	0	0

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: Bob Longman	Phone: 360-786-7139	Date: 03/23/2001
Agency Preparation: Diana Tibbetts	Phone: 570-6085	Date: 03/27/2001
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 03/27/2001
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 03/27/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

NOTE:thisfiscalnotereflectsaproposedamendment(LONG24).

Section1providesastateandlocalsalestaxexemptionforlaborandservicesinrespecttomovinghouses,demolitionof houses,orremovalofanydebrisfromalandslideareathathasbeendeclaredafederaldisasterarea.Thissectionissetto expireonJuly1,2003.

Section2establishesastateandlocalretailsalestaxexemptionfordamageresultingfromtheFebruary28,2001 earthquake.Theexemptionislimitedtosalestaxpaidforrepairsorreplacementtobuildingsonly.Further,thesalestax exemptionappliesinthenatureofaremittance.Thetaxoneligibleexpendituresmusthavebeenpaidandthen applicationmustbemadetotheDepartmentforaremittance.Theremittancewillincludebothstateandapplicablelocal salestaxes.Theremittanceisavailableonlyforearthquake-relatedexpendituresforwhichthetaxpayerreceives assistance:(1)fromFEMAforrepairstohomes;(2)fromtheSmallBusinessAdministrationfordamageto residencesor commercialbuildings;or(3)fromafarmserviceagencyforloanstorepaireddamageto farmproperty.Acopyofthe receiptshowingpaymentofthetaxandacopyofthegrantorloandocumentationmustaccompanytheapplicationfortax remittance.ThissectionwillexpireonJuly1,2003.

Section3containsacomparableusetaxexemptiontotheearthquakereliefprovidedinSection2.

Section4declaresastateofemergencyandprovidesanimmediateeffectivedate.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriate,thetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

ASSUMPTIONS/DATASOURCES

Section1:

ThissectionisintendedtocoverthesecondandthirdphasesofthedemolitionprojectoftheAldercrest development/landslideareainKelso.Thereareabout100homesremainingthatarescheduledfordemolition. ThecityofKelsoanticipatesitwillcostapproximately\$1.3millionto completetheproject.

Forpurposesoftherevenueimpact,itisassumedthisbillwillbeeffectiveonApril1,2001,asareultoftheemergency clause.

Unlikeearlierlegislation(HB1198from1999session),thereisnoretroactivityclause.Thedemolitionisongoingand willcontinuethroughspringandsummerof2001.ItisassumedthattheworkwillbecompletedwellbeforetheJuly1, 2003expirationdate.TherevenueimpactestimateforSection1reflectsPhase3ofthedemolitionproject.

Section2:

Itisassumedthatthesalestaxremittanceappliesonlytoexpendituresbyprivatecitizensandbusinesses,notsalestax paidonearthquake-relateddamagebygovernmentalentity.

Alloftherevenueimpactfortheearthquake-relatedtaxreliefisshowninFY2002,despitetheemergencyclause.Itis assumedthatitwilltakesometimefortheDepartmenttopreparetheapplicationformandforremittancestobemadeto thetaxpayers;thiswilllikelyextendthetaxrelieftofiscalyear2002.Itispresumedthatalloftheexpendituresby individualsandbusinesseswillbemadebeforethestartofFY2003andthattheremittancewouldhavebeenpaid.

It is assumed that the local sales tax remittance will be deducted from distribution of local sales tax to the appropriate local jurisdictions, based on the location of the construction activity. Therefore, the state general fund would not bear the impact of the local tax remittance.

Estimates are based on FEMA and SBA assistance as of 3/23/01. Estimates for both revenue and administrative impact are very rough. According to representatives of FEMA and SBA, the pattern of applications is unlike any they have seen for other disasters. It is therefore very difficult to predict what total relief will be at the end of the eligible period.

It is assumed that all individuals and businesses that are eligible for the remittance will take it.

AUDIT ASSESSMENTS (Impact resulting from recent audit activity)

This legislation is not a result of audit activity.

CURRENTLY REPORTING TAXPAYERS (Impact for taxpayers who are known or estimated to be currently paying the tax in question)

Section 1

The city of Kelso is the current reporting taxpayer. All homes have been purchased with federal and state funds for about 40% of the value and the city of Kelso is responsible for the properties.

Assuming the bill would become effective to cover the last quarter of Fiscal Year 2001 (April-June), the city of Kelso could save approximately \$52,000 on state retail sales tax and \$8,800 on local retail sales tax. Thus, the impact on state revenues for FY 2001 is \$52,000.

For Fiscal Year 2002, the city of Kelso would save about \$32,500 for state retail sales tax and \$5,500 for local tax. Thus, the impact on state revenues for FY 2002 is \$32,500.

Section 2

Would decrease sales tax revenues by an estimated \$1,182,000 in FY02. Local governments would lose an estimated \$400,000. Note that these estimates are very rough (see the Assumptions Section above).

TAXPAYERS NOT CURRENTLY REPORTING (Although some taxpayers may not now be paying the tax in question, some of them will become aware of their liability in the future, as a result of normal enforcement activities or education programs by the Department. The impact for such taxpayers is based on the Department's studies of average tax compliance)

Not applicable for individuals, because they are not registered and do not report state excise taxes directly.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY2001	-	\$(52)
FY2002	-	(1,214)
FY2003	-	0
FY2004	-	0
FY2005	-	0
FY2006	-	0
FY2007	-	0

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

- FY2001 - \$(9)
- FY2002 - (406)
- FY2003 - 0
- FY2004 - 0
- FY2005 - 0
- FY2006 - 0
- FY2007 - 0

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 assumption translates into cost estimates. Distinguish between one-time and ongoing functions.

The Department will incur costs of approximately \$108,000 in FY2002 to implement this legislation. These costs will be incurred to implement the state and local sales tax remittance provided in Section 2 of the amended bill. There are no costs associated with the implementation of Section 1 of the bill. The costs include:

- 0.5 FTE at an ITAS4 level. Additional programming time will be necessary to modify the existing credit management system, fiscal reports, research and transcripts system to incorporate information from individuals applying for remittances. Currently, these systems are only set up to incorporate registered business information.
- 0.26 FTE at an ETE1 level. Additional time will be necessary for an examiner to set up accounts for individuals applying for remittances, entering name and address information for purposes of mailing refund checks. Approximately 7,500 individuals are expected to apply for a remittance, and approximately 15 accounts will be set up per hour.
- 0.8 FTE at an ETE2 level. Additional time will be necessary for an examiner to review the remittance application, the proof of sales tax paid, and the proof of FEMA, SBA, or other qualifying financial assistance to capture the sales tax data and the local jurisdiction in order to provide the refund and adjust the local jurisdiction's distribution. Approximately 5 refund requests per hour can be processed.
- \$400 in printing costs to develop and print at least 8000 remittance application forms for individuals and businesses.
- \$4,500 in document management costs to image and store approximately 7,650 applications from both individuals and businesses, with at least three pages of documentation per application (form, receipt, and FEMA paperwork).
- \$2,600 in postage costs to mail approximately 7,650 checks to both individuals and businesses that apply for and receive a remittance.

Unless the Department receives an appropriation to cover the expenditure impact, the Department may not be able to fully implement this legislation.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	1.6		0.8		
A-	62,800		62,800		
B-	16,300		16,300		
E-	16,300		16,300		
J-	12,600		12,600		
Total:	108,000		108,000		

III.B-FTEDetail: *ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.*

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
EXCISETAXEXAMINER1	31,473	0.3		0.1		
EXCISETAXEXAMINER2	35,425	0.8		0.4		
INFOTECHAPPSPEC4	52,611	0.5		0.3		
Total		1.6		0.8		

PartIV:CapitalBudgetImpact

None.

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseexistingrules.

None.

IndividualStateAgencyFiscalNote

BillNumber: 1018HB_1018 AMHLONG24	Title: Disastertaxrelief	Agency: 245-MilitaryDepartment
---	---------------------------------	---------------------------------------

PartI:Estimates

☒ **NoFiscalImpact**

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☐ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☐ Requiresnewrulemaking,completePartV.

LegislativeContact: BobLongman	Phone: 360-786-7139	Date: 03/23/2001
AgencyPreparation: JESterling	Phone: (253)512-7007	Date: 03/26/2001
AgencyApproval: LLegowik	Phone: (253)512-8115	Date: 03/27/2001
OFMReview: RobinCampbell	Phone: 360-902-0575	Date: 03/29/2001