

Multiple Agency Fiscal Note Summary

Bill Number: 1889 HB	Title: Tax expenditures in budget
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Financial Management	.3	65,556	65,556	.1	65,556	65,556	.1	65,556	65,556
Department of Revenue	.5	120,000	120,000	.5	111,400	111,400	.3	55,700	55,700
Total	0.8	\$185,556	\$185,556	0.6	\$176,956	\$176,956	0.4	\$121,256	\$121,256

Estimated Capital Budget Impact

NONE

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

** See local government fiscal note

FNPID 28911

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1889 HB	Title: Tax expenditures in budget	Agency: 105-Office of Financial Management
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.5	0.0	0.3	0.1	0.1
Account					
General Fund-State 001-1	65,556	0	65,556	65,556	65,556
Total \$	65,556	0	65,556	65,556	65,556

Estimated Capital Budget Impact:

NONE

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:

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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.

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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: Rick Peterson	Phone: 360-786-7150	Date: 02/20/2011
Agency Preparation: Stephanie Lidren	Phone: 360-902-3056	Date: 02/23/2011
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 02/23/2011
OFM Review: Tristan Wise	Phone: (360) 902-0538	Date: 02/23/2011

Request # 125-2

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.

Section 2 of the attached bill replaces, “Beginning in January 1984, and every four years thereafter” with “The governor is requested to review the report from the department of revenue and prepare a tax expenditure report as part of the biennial budget documents under RCW 43.88.030. The tax expenditure report shall include the listing of expenditures prepared by the department of revenue and a budget analysis of each expenditure. The budget analysis shall categorize each expenditure according to the programs or functions each expenditure supports. The tax expenditure report does not have to address tax expenditures required under the state Constitution, federal Constitution, or federal law.” It also adds, “The governor shall identify each expenditure that will terminate during the next biennium and make a recommendation as to whether the expenditure should be allowed to terminate, continue, or continue with modification.”

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.

The process of allocating across programs and functions would involve approximately 1.0 FTE (Budget Assistant \$82,800/yr) for 6 mos. The next effort, two years later, would build on the first round and take less time – more like .5 FTE for 6 mos. There is also associated goods and services with the FTE (ongoing).

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.5		0.3	0.1	0.1
A-Salaries and Wages	41,400		41,400	41,400	41,400
B-Employee Benefits	10,956		10,956	10,956	10,956
C-Personal Service Contracts					
E-Goods and Services	12,000		12,000	12,000	12,000
G-Travel	1,200		1,200	1,200	1,200
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:	\$65,556	\$0	\$65,556	\$65,556	\$65,556

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 2012	FY 2013	2011-13	2013-15	2015-17
Budget Assistant	82,800	0.5		0.3	0.1	0.1
Total FTE's	82,800	0.5		0.3	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.

Department of Revenue Fiscal Note

Bill Number: 1889 HB	Title: Tax expenditures in budget	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	1.1		0.5	0.5	0.3
Account					
GF-STATE-State 001-1	120,000		120,000	111,400	55,700
Total \$	120,000		120,000	111,400	55,700

Estimated Capital Budget Impact:

NONE

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: Rick Peterson	Phone: 360-786-7150	Date: 02/20/2011
Agency Preparation: Gerald Saylor	Phone: 360-534-1517	Date: 02/22/2011
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/22/2011
OFM Review: Heather Matthews	Phone: (360) 902-0543	Date: 02/23/2011

Request # 1889-1-1

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.

This legislation relates to incorporating state tax expenditures into the state budget process.

Section 1 of this bill requires that the omnibus operating appropriations bill enacted by the legislature include:

- (a) A tax expenditure section or sections listing all discretionary state tax expenditures together with an estimate of the state revenue impact associated with each discretionary state tax expenditure;
- (b) A section stating the total estimated revenue impact from all discretionary state tax expenditures, total appropriations, and total state expenditures representing the sum of discretionary state tax expenditures and appropriations; and
- (c) A section stating the total state revenue impact from all nondiscretionary tax expenditures.

These items must be stated in Part 1 of the omnibus operating appropriations bill.

"Discretionary state tax expenditure" means a tax preference, as defined in RCW 43.136.021, that impacts revenues appropriated in the omnibus operating appropriations bill and that is not required by the state Constitution, federal Constitution, or federal law.

Section 2 of this bill require the Department of Revenue (Department) to biennially prepare a listing of reduction for the current and next biennium in the revenues of the state or the revenues of local government collected by the state as a result of tax expenditures. The Department shall submit the listing to the Governor at the time the biennial budget requests are due under RCW 43.88.030.

The Governor shall review the provided list and prepare a tax expenditure report as part of the biennial budget documents under RCW 43.88.030. The tax expenditure report shall include the listing of expenditures prepared by the Department and a budget analysis of each expenditure. The budget analysis shall categorize each expenditure according to the programs or functions each expenditure supports. The tax expenditure report does not have to address tax expenditures required under the state Constitution, federal Constitution, or federal law.

The Governor shall identify each expenditure that will terminate during the next biennium and make a recommendation as to whether the expenditure should be allowed to terminate, continue, or continue with modification. The Governor also may submit other recommendations to the Legislature with respect to the repeal or modification of any tax expenditure.

Section 3 of this bill require that to be included in the budget documents to be submitted to the Director of Financial Management is the "tax expenditure report" prepared under RCW 43.06.400.

This bill has an effective date of 90 days after adjournment.

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.

There is no revenue impact as a result of this legislation.

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

ASSUMPTIONS:

Expenditures assume:

- The Department will not complete Tax Exemption Study in Fiscal Year 2012, as reported in the Department's 10 percent budget reduction for the 2011-2013 Biennium.
- Tax expenditure reports will be completed in Fiscal Years 2012 and 2014 to meet the timeline for biennial budget requests. The Fiscal Year 2016 Tax Exemption study will need to be completed by July to meet the requirements of this legislation.

FIRST YEAR COSTS:

The Department will incur costs of \$120,000 in Fiscal Year 2012. These costs include:

Labor Costs – Time and effort equates to 1.1 FTEs.

- Time and effort in preparing the expenditure report.

ONGOING COSTS:

Ongoing costs for the 2013-2015 Biennium equal \$111,400 and include similar activities described in the second year costs.

Time and effort equates to 0.5 FTE. Costs for the 2015-2017 Biennium equal \$55,700 and include completing exemption study early to meet the biennial budget timeline. Additional time and effort equates to 0.3 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	1.1		0.5	0.5	0.3
A-Salaries and Wages	74,600		74,600	74,600	37,300
B-Employee Benefits	22,400		22,400	22,400	11,200
E-Goods and Services	16,000		16,000	13,300	6,700
J-Capital Outlays	7,000		7,000	1,100	500
Total \$	\$120,000		\$120,000	\$111,400	\$55,700

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 2012	FY 2013	2011-13	2013-15	2015-17
TAX POLICY SP 3	69,756	1.1		0.5	0.5	0.3
Total FTE's	69,756	1.1		0.5	0.5	0.3

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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.

No rule-making required.