Multiple Agency Fiscal Note Summary

Bill Number: 5750 SB	Title: Deferral prog./revenue dept.

Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	(404,000)	(404,000)	.0	(404,000)	(404,000)	.0	(404,000)	(404,000)
Total	0.0	$(404,000)	$(404,000)	0.0	$(404,000)	$(404,000)	0.0	$(404,000)	$(404,000)

Local Gov. Courts *									
Local Gov. Other **			(5,400)			(5,400)			(5,400)
Local Gov. Total			(5,400)			(5,400)			(5,400)

Estimated Capital Budget Impact

NONE

Prepared by: Cherie Berthon, OFM	Phone: 360-902-0659	Date Published: Final 2/20/2013

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

** See local government fiscal note

FNPID 34306

Department of Revenue Fiscal Note

Bill Number: 5750 SB	**Title:** Deferral prog./revenue dept.	**Agency:** 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
Account					
GF-STATE-State 001-1	(202,000)	(202,000)	(404,000)	(404,000)	(404,000)
Total $	(202,000)	(202,000)	(404,000)	(404,000)	(404,000)

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:	Dean Carlson	Phone: (360)786-7305	Date: 02/13/2013
Agency Preparation:	Beth Leech	Phone: 360-534-1513	Date: 02/14/2013
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/14/2013
OFM Review:	Cherie Berthon	Phone: 360-902-0659	Date: 02/14/2013

Request # 5750-1-1

Part II: Narrative Explanation

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

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

Under current law, a current homeowner may defer up to half of current year special assessments or real property taxes, or both, having met the following conditions:
- combined disposable income does not exceed $57,000,
- claimant must have paid half of assessments already,
- claimant must have owned residence for at least five years,
- deferred amounts do not exceed 40 percent of home equity,
- the property is properly insured
- the claimant is not also participating in the senior deferral program.

This legislation prevents further applicants to this program, starting with Calendar Year 2013.

This legislation is effective 90 days after the end of the current regular session.

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 to taxes administered by the Department of Revenue 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:

- The Department of Revenue (Department) has already made the fiscal year 2013 payments to counties as a result of this deferral program. Any difference between the appropriated amount and the actual payments made will be returned to the general fund at the end of the fiscal year. There will be no savings to the state in Fiscal Year 2013.

- The impact of this bill results in a savings by eliminating the low income property tax deferral program. The Legislature will not have to make an appropriation to the Department to reimburse counties for the costs of the deferral program.

- This legislation does not require immediate repayment of balances for previously approved participants. Therefore, the Department will need to continue administration of the program's current participants but this estimate does not include costs associated with the following activities required for ongoing administration:
    - Processing full and partial repayments of deferred taxes,
    - Generate and file releases of liens,
    - Respond to recipient requests for balances and
    - Management of the current account receivables.

- The cost savings in this fiscal note reflect the estimated amount of appropriations the Department will save in the elimination of the low-income deferral program.

INITIAL COSTS:
The Department will incur total costs of $2,700 in Fiscal Year 2013 that are NOT included in the six year expenditure impact for this fiscal estimate. These start-up costs include:
Labor Costs – Time and effort equates to 0.03 FTEs.
- The amendment of one administrative rule.

FIRST YEAR COSTS:
The Department will incur total cost savings of ($202,000) in Fiscal Year 2014. These costs savings include the elimination of the appropriated amount to the Department for the low-income deferral program and the elimination of filing fees associated with the deferral program.

SECOND YEAR COSTS:
The Department will incur total cost savings of ($202,000) in Fiscal Year 2015. These costs savings include the elimination of the appropriated amount to the Department for the low-income deferral program and the elimination of filing fees associated with the deferral program.

ONGOING COSTS:
Ongoing cost savings for the 2015-2017 Biennium equal ($404,000) and include similar activities described in the second year costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
E-Goods and Other Services	(2,000)	(2,000)	(4,000)	(4,000)	(4,000)
N-Grants, Benefits & Client Services	(200,000)	(200,000)	(400,000)	(400,000)	(400,000)
Total $	$(202,000)	$(202,000)	$(404,000)	($404,000)	$(404,000)

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe 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.

Should this legislation become law, the Department will use the expedited process to amend WAC 458-18A-030, titled: "Deferral of special assessments and/or property taxes -Declarations to defer - Filing - Forms". Persons affected by this rule-making would include those using the low- income property tax deferral program.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5750 SB	**Title:** Deferral prog./revenue dept.

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- [ ] Cities:
- [x] Counties: Minimal workload reduction for county assessors' offices
- [ ] Special Districts:
- [ ] 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:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2014	FY 2015	2013-15	2015-17	2017-19
County	(2,700)	(2,700)	(5,400)	(5,400)	(5,400)
TOTAL $	(2,700)	(2,700)	(5,400)	(5,400)	(5,400)
GRAND TOTAL $					**(16,200)**

Part III: Preparation and Approval

Fiscal Note Analyst: Darleen Muhly	Phone: (360) 725-5030	Date: 02/20/2013
Leg. Committee Contact: Dean Carlson	Phone: (360)786-7305	Date: 02/13/2013
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/20/2013
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/20/2013

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 cease all new applications into the property tax deferral program for homeowners with limited income, after Calendar Year 2012.

This bill is effective 90 days after the end of the current regular session.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill is expected to minimally reduce expenditures for county assessors. According to the Department of Revenue, participation in this program statewide has been approximately 90 applicants per year. The average hourly rate with mandatory and fringe benefits for a county journey-level accounting clerk is $30. Time assisting applicants may vary, but assuming one hour per application, eliminating this program would reduce statewide county assessor expenditures by $2,700 annually.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill will not impact local government revenue because the Department of Revenue (DOR) reimburses local governments for these deferrals. According to the DOR fiscal note, counties have already received the FY 2013 payment, but any difference between this amount and the actual payments wil be returned to the state at the end of the fiscal year resulting in no net revenue impact to local governments.

SOURCES:
Department of Revenue
Department of Revenue fiscal note
Association of Washington Cities' "Washington City and County Employee 2012 Salary and Benefit Survey"
Washington Association of County Assessors