

Department of Revenue Fiscal Note

Bill Number: 6049 S SB	Title: Businesses hiring veterans	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2014	FY 2015	2013-15	2015-17	2017-19
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax				(436,000)	(1,800,000)
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax				(48,000)	(200,000)
Total \$				(484,000)	(2,000,000)

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years				0.7	
Account					
GF-STATE-State 001-1				138,000	
Total \$				138,000	

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.

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Request # 6049-2-1

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.

Note: This fiscal note reflects language in draft legislation SSB 6049, 2014 Legislative Session.

This bill provides employers a Business and Occupation (B&O) tax credit for hiring unemployed veterans. The credit is available under the Public Utility Tax (PUT) also. However, no business may claim a credit against taxes due under both B&O and PUT taxes for the same employee.

The credit equals 20 percent of wages and benefits paid up to a maximum of \$1,500 for each qualified employee.

No credit may be claimed until a qualified employee has been employed for at least two consecutive full calendar quarters.

The total statewide credit cap is \$1 million per fiscal year.

"Qualified employee" is an unemployed veteran who is employed in a permanent full-time position for at least two consecutive full calendar quarters. For seasonal employers, "qualified employee" also includes the equivalent of a full-time employee in work hours for two consecutive full calendar quarters.

"Full time" means a normal work week of at least 35 hours.

"Unemployed" means that the veteran was unemployed as defined in RCW 50.04.310 for at least 30 days immediately preceding the date that the veteran was hired by the person claiming credit for hiring the veteran.

"Veteran" is every person who has received an honorable discharge or received a discharge for medical reasons with an honorable record or is currently serving honorably, and who has served as a member in any branch of the armed forces of the United States, including the national guard and armed forces reserves.

Credits can be earned for tax reporting periods through June 30, 2022. No credits can be claimed after June 30, 2023.

This bill is effective October 1, 2016.

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

- Annually 2,000 veterans (or less) could be impacted by this bill.
- Cost components of an employee: 70 percent wages and 30 percent benefits.
- Wages and benefits of veterans employed in the civilian labor market are comparable to those of the general workforce.
- Businesses employing these veterans should have sufficient B&O tax (or PUT tax) liability to take advantage of all the credits earned.
- Of total credits that will be taken, 90 percent will be under B&O tax and 10 percent under PUT tax.

DATA SOURCES

- Washington Employment Security Department;

- U.S. Census;
- U.S. Bureau of Labor Statistics;
- U.S. Department of Defense; and
- Various military data sources.

REVENUE ESTIMATES

It is estimated that this bill will reduce state revenue by \$484,000 in Fiscal Year 2017 and \$1 million a year thereafter.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2014 - \$ 0
FY 2015 - \$ 0
FY 2016 - \$ 0
FY 2017 - \$ (484)
FY 2018 - \$ (1,000)
FY 2019 - \$ (1,000)

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

ASSUMPTIONS:

This legislation affects 2,000 taxpayers.

FIRST YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2014.

SECOND YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2015.

ONGOING COSTS:

Ongoing costs for the 2015-2017 Biennium equal \$109,600. These costs include:

Labor Costs- Time and effort equates to 0.7 FTEs.

- Develop new transaction codes.
- Program and test system changes.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years				0.7	
A-Salaries and Wages				84,600	
B-Employee Benefits				25,300	
E-Goods and Other Services				19,600	
J-Capital Outlays				8,500	
Total \$				\$138,000	

Request # 6049-2-1

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 2014	FY 2015	2013-15	2015-17	2017-19
EXCISE TAX EX 4	55,839				0.2	
IT SPEC 4	63,195				0.2	
IT SPEC 5	69,756				0.4	
Total FTE's	188,790				0.7	

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.