

Multiple Agency Fiscal Note Summary

Bill Number: 5449 SB	Title: Appeals court tax division
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Court of Appeals	0	0	424,100	424,100	424,100	424,100
Administrative Office of the Courts	0	0	424,100	424,100	424,100	424,100
Office of Attorney General	0	0	0	1,807,024	0	1,274,714
Department of Revenue	(14,958,000)	(14,958,000)	(27,194,000)	(27,194,000)	(6,443,000)	(6,443,000)
Total \$	(14,958,000)	(14,958,000)	(26,345,800)	(24,538,776)	(5,594,800)	(4,320,086)

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Court of Appeals	3.8	626,842	626,842	15.0	3,593,334	3,593,334	15.0	3,593,334	3,593,334
Administrative Office of the Courts	3.8	626,842	626,842	15.0	3,593,334	3,593,334	15.0	3,593,334	3,593,334
Office of the Secretary of State	.0	37,971	37,971	.0	14,627	14,627	.0	13,378	13,378
Office of Attorney General	.0	0	0	6.4	0	1,807,024	4.5	0	1,274,714
Department of Revenue	.1	11,100	11,100	(1.4)	1,540,500	1,540,500	(1.4)	1,008,200	1,008,200
Board of Tax Appeals	.0	0	0	.0	(2,569,000)	(2,569,000)	.0	(2,569,000)	(2,569,000)
Total	7.7	\$1,302,755	\$1,302,755	35.0	\$6,172,795	\$7,979,819	33.1	\$5,639,246	\$6,913,960

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Prepared by: Cheri Keller, OFM	Phone: 360-902-0563	Date Published: Final 2/13/2015
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 39610

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 048-Court of Appeals
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
General Fund-State 001-1				424,100	424,100
Total \$				424,100	424,100

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	7.5	3.8	15.0	15.0
Account					
General Fund-State 001-1	0	626,842	626,842	3,593,334	3,593,334
Total \$	0	626,842	626,842	3,593,334	3,593,334

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: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Kitty Hjelm	Phone: 360-704-5528	Date: 02/11/2015
Agency Approval: Ramsey Radwan	Phone: 360-357-2406	Date: 02/11/2015
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/12/2015

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 bill would create a new tax appeal division of the court of appeals.

Sections with potential court of appeals impact:

Section 102 would amend RCW 2.06.020 to create a new division in the court of appeals for tax appeals. The new tax appeal division would have statewide jurisdiction.

Section 102(4) would require the appeal division to have three new judges, one for each of the existing court of appeals divisions. The tax appeal division would be able to hold hearings in any location in the state. The county clerk or board of county commissioners would provide the rooms for the hearings.

Section 103 is a new section and would require the new tax appeal division to have two departments, the main department and the commissioner department.

The main department would consist of the three judges who may individually hear and decide tax appeals except for en banc proceedings that must be heard by a three judge panel. The judges would hear appeals that involve complex issues, issues of substantial public importance, or issues that require expertise beyond a commissioner's proficiency.

The commissioner department would hear all appeals that are not initially heard by the main department. The judges of the main department would appoint qualified individuals to sit as commissioners at locations within the state.

Section 103(2)(a) would require the judges of the main department to appoint one or more individuals to sit as commissioners at locations within the state.

Section 105 (3) would require the final decisions of the main department of the tax appeal division to be given in writing and would be published as opinions of the court. The decisions of the main department in proceedings before a single judge would be subject to discretionary review by the supreme court in the same manner as the decisions of other divisions of the court of appeals. The parties to an en banc decision would have a right of appeal to the supreme court.

Section 105 (5) would require the final decisions of the commissioner department to be rendered in writing, and to be made readily available for online research but they would not be published as opinions of the tax appeal division and would not be cited or relied upon as precedent. Reviews of decisions by the commissioner department would be by petition to the main department.

Section 109 would require all proceedings before the tax appeal division to be original, independent proceedings and to be tried without a jury and de novo. Except as provided in RCW 84.40.0301, in all appeals to the tax appeal division, the decision appealed from is presumed correct, and the appellant has the burden of proving otherwise by a preponderance of the evidence. The tax appeal division would be given such procedural powers and authority as necessary to the full exercise of its jurisdiction, including the power to issue compulsory process as provided by court rule. The tax appeal division would have jurisdiction to hear all tax appeals currently heard

by the Board of Tax Appeals.

Section 111 would require an appeal to the tax appeal division to be initiated by the filing of a notice of appeal as provided by court rule. The notice of appeal would be filed with the tax appeal division within ninety days after receipt of the tax determination being appealed.

Upon filing a notice of appeal to the main department of the tax appeal division, the appellant would pay a fee in the amount of \$250. Upon filing a notice of appeal to the commissioner of the tax appeal division, the appellant would pay a fee in the amount of \$50.00.

Section 225 would require the state board of tax appeals to be transferred to the tax division of the court of appeals. All funds, credits, or other assets held by the state board of tax appeals would be assigned to the tax division of the court of appeals.

Any appropriations made to the state board of tax appeals would be transferred and credited to the tax division of the court of appeals.

All employees of the state board of tax appeals are transferred to the jurisdiction of the tax division of the court of appeals to perform their usual duties.

All rules and all pending business before the state board of tax appeals would be continued and acted upon by the tax division of the court of appeals. All existing contracts and obligations would remain in full force and would be performed by the tax division of the court of appeals.

Section 301 would require the transfer of the state board of tax appeals to the tax division of the court of appeals to occur on July 1, 2017.

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.

Section 111(2) would require a person to pay a fee in the amount of \$250 upon filing a notice of appeal to the main department of the tax appeal division.

Section 111(3) would require a person to pay a fee in the amount of \$50.00 upon filing a notice of appeal to the commissioner of the tax appeal division.

Using the Board of Tax Appeals fiscal year 2013 number of formal appeals and informal appeals, and assuming that formal appeals would be filed with the main division of the division of tax appeals and the informal appeals would be filed with the commissioner department, the following calculations are used to estimate potential revenue for Section 111:

221 formal tax appeals in fiscal year 2013 x \$250 = \$55,250 per year
3136 informal tax appeals in fiscal year 2013 x \$50 = 156,800 per year

It is assumed the filing fees would be collected by the court of appeals and deposited in the state general fund.

Section 301 would require the transfer of the state board of tax appeals to the tax division of the court of appeals

to occur on July 1, 2017. Therefore, the court of appeals would begin receiving notice of appeal filing fees in fiscal year 2018.

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.

Section 102(4) would require the appeal division to have three new judges, one for each of the existing court of appeals divisions.

Current court of appeals judge salary is \$164,238 per year and estimated benefits are \$38,130 for a total of \$202,368 per year in salaries and benefits for 3 new judges.

Each judge would require a judicial administrative assistant and two law clerks.

Current court of appeals judicial administrative assistant annual salary is \$53,148 and estimated benefits are \$17,323 for a total of \$211,413 in salaries and benefits per year for 3 new judicial administrative assistants.

Current court of appeals law clerk annual salary is \$48,168 and estimated benefits are \$16,484 for a total of \$387,912 in salaries and benefits per year for 6 new law clerks.

Judge chambers space would need to be added in each court of appeals division facilities at a cost of \$15 per sq. ft.. It is estimated that approximately 800 sq. ft. is required for the judge, judicial assistant and law clerks. The estimated cost per division is 800 sq. ft. x \$15 = \$12,000. The total estimated new facility cost in for the three divisions would be \$36,000 per year.

Section 224 would allow the new judges for the tax division to take any action necessary to enable the judges to properly exercise the duties, functions, and powers given the tax division of the court of appeals as of February 1, 2017. Therefore, it is assumed the salary expenditures for the 3 new judges would begin in fiscal year 2017 even though the new tax division of the court of appeals would be effective July 1, 2017.

Section 103(2)(a) would require the judges of the main department to appoint one or more individuals to sit as commissioners at locations within the state.

Current court of appeals commissioner salary is \$120,984 per year and estimated benefits are \$28,761 for a total of \$149,745 per year for one commissioner. Assuming there would be at least 3 commissioners appointed, one for each court of appeals division, the total salaries and benefits would be \$449,235 per year for 3 new commissioners.

This bill would result in a total of 15 new Court of Appeals FTE.

Average on-going goods and services, travel, etc. per FTE is \$2000. 15 FTE x \$2000 = \$30,000

Average one time set up costs (computer, chair, etc.) per FTE is \$5000. 15 FTE x \$5000 = \$75,000

This bill would require modifications to the Judicial Information System (JIS) to add the new division of tax appeals to the system. These changes are estimated to take 1416 hours of AOC staff time which equates to a one-time cost of \$ 75,000.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		7.5	3.8	15.0	15.0
A-Salaries and Wages		404,194	404,194	2,720,736	2,720,736
B-Employee Benefits		114,648	114,648	740,598	740,598
C-Professional Service Contracts					
E-Goods and Other Services		33,000	33,000	132,000	132,000
G-Travel					
J-Capital Outlays		75,000	75,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$626,842	\$626,842	\$3,593,334	\$3,593,334

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 2016	FY 2017	2015-17	2017-19	2019-21
Court of Appeals Commissioner	120,984		1.5	0.8	3.0	3.0
Court of Appeals Judge	164,238		1.5	0.8	3.0	3.0
Judicial Administrative Assistant	53,148		1.5	0.8	3.0	3.0
Law Clerk	48,168		3.0	1.5	6.0	6.0
Total FTE's	386,538		7.5	3.8	15.0	15.0

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.

Judicial Impact Fiscal Note

Revised

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 055-Admin Office of the Courts
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
General Fund-State 001-1				424,100	424,100
Counties					
Cities					
Total \$				424,100	424,100

Estimated Expenditures from:

STATE	FY 2016	FY 2017	2015-17	2017-19	2019-21
State FTE Staff Years		7.5	3.8	15.0	15.0
Account					
General Fund-State 001-1		626,842	626,842	3,593,334	3,593,334
State Subtotal \$		626,842	626,842	3,593,334	3,593,334
COUNTY	FY 2016	FY 2017	2015-17	2017-19	2019-21
County FTE Staff Years					
Account					
Local - Counties					
Counties Subtotal \$					
CITY	FY 2016	FY 2017	2015-17	2017-19	2019-21
City FTE Staff Years					
Account					
Local - Cities					
Cities Subtotal \$					
Local Subtotal \$					
Total Estimated Expenditures \$		626,842	626,842	3,593,334	3,593,334

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Kitty Hjelm	Phone: 360-704-5528	Date: 02/13/2015
Agency Approval: Renee Lewis	Phone: 360-704-4142	Date: 02/13/2015
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/13/2015

Request # 5449 SB-2

Part II: Narrative Explanation

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

This bill would create a new tax appeal division of the court of appeals.

Sections with potential court of appeals impact:

Section 102 would amend RCW 2.06.020 to create a new division in the court of appeals for tax appeals. The new tax appeal division would have statewide jurisdiction.

Section 102(4) would require the appeal division to have three new judges, one for each of the existing court of appeals divisions. The tax appeal division would be able to hold hearings in any location in the state. The county clerk or board of county commissioners would provide the rooms for the hearings.

Section 103 is a new section and would require the new tax appeal division to have two departments, the main department and the commissioner department.

The main department would consist of the three judges who may individually hear and decide tax appeals except for en banc proceedings that must be heard by a three judge panel. The judges would hear appeals that involve complex issues, issues of substantial public importance, or issues that require expertise beyond a commissioner's proficiency.

The commissioner department would hear all appeals that are not initially heard by the main department. The judges of the main department would appoint qualified individuals to sit as commissioners at locations within the state.

Section 103(2)(a) would require the judges of the main department to appoint one or more individuals to sit as commissioners at locations within the state.

Section 105 (3) would require the final decisions of the main department of the tax appeal division to be given in writing and would be published as opinions of the court. The decisions of the main department in proceedings before a single judge would be subject to discretionary review by the supreme court in the same manner as the decisions of other divisions of the court of appeals. The parties to an en banc decision would have a right of appeal to the supreme court.

Section 105 (5) would require the final decisions of the commissioner department to be rendered in writing, and to be made readily available for online research but they would not be published as opinions of the tax appeal division and would not be cited or relied upon as precedent. Reviews of decisions by the commissioner department would be by petition to the main department.

Section 109 would require all proceedings before the tax appeal division to be original, independent proceedings and to be tried without a jury and de novo. Except as provided in RCW 84.40.0301, in all appeals to the tax appeal division, the decision appealed from is presumed correct, and the appellant has the burden of proving otherwise by a preponderance of the evidence. The tax appeal division would be given such procedural powers and authority as necessary to the full exercise of its jurisdiction, including the power to issue compulsory process as provided by court rule. The tax appeal division would have jurisdiction to hear all tax appeals currently heard by the Board of Tax Appeals.

Section 111 would require an appeal to the tax appeal division to be initiated by the filing of a notice of appeal as provided by court rule. The notice of appeal would be filed with the tax appeal division within ninety days after receipt of the tax determination being appealed.

Upon filing a notice of appeal to the main department of the tax appeal division, the appellant would pay a fee in the amount of \$250. Upon filing a notice of appeal to the commissioner of the tax appeal division, the appellant would pay a fee in the amount of \$50.00.

Section 225 would require the state board of tax appeals to be transferred to the tax division of the court of appeals. All funds, credits, or other assets held by the state board of tax appeals would be assigned to the tax division of the court of appeals.

Any appropriations made to the state board of tax appeals would be transferred and credited to the tax division of the court of appeals.

All employees of the state board of tax appeals are transferred to the jurisdiction of the tax division of the court of appeals to perform their usual duties.

All rules and all pending business before the state board of tax appeals would be continued and acted upon by the tax division of the court of appeals. All existing contracts and obligations would remain in full force and would be performed by the tax division of the court of appeals.

Section 301 would require the transfer of the state board of tax appeals to the tax division of the court of appeals to occur on July 1, 2017.

II. B - Cash Receipts Impact

Section 111(2) would require a person to pay a fee in the amount of \$250 upon filing a notice of appeal to the main department of the tax appeal division.

Section 111(3) would require a person to pay a fee in the amount of \$50.00 upon filing a notice of appeal to the commissioner of the tax appeal division.

Using the Board of Tax Appeals fiscal year 2013 number of formal appeals and informal appeals, and assuming that formal appeals would be filed with the main division of the division of tax appeals and the informal appeals would be filed with the commissioner department, the following calculations are used to estimate potential revenue for Section 111 :

221 formal tax appeals in fiscal year 2013 x \$250 = \$55,250 per year
3136 informal tax appeals in fiscal year 2013 x \$50 = 156,800 per year

It is assumed the filing fees would be collected by the court of appeals and deposited in the state general fund.

Section 301 would require the transfer of the state board of tax appeals to the tax division of the court of appeals to occur on July 1, 2017. Therefore, the court of appeals would begin receiving notice of appeal filing fees in fiscal year 2018.

II. C - Expenditures

COURT OF APPEALS - 048:

Section 102(4) would require the appeal division to have three new judges, one for each of the existing court of appeals divisions.

Current court of appeals judge salary is \$164,238 per year and estimated benefits are \$38,130 for a total of \$202,368 per year in salaries and benefits for 3 new judges.

Each judge would require a judicial administrative assistant and two law clerks.

Current court of appeals judicial administrative assistant annual salary is \$53,148 and estimated benefits are \$17,323 for a total of \$211,413 in salaries and benefits per year for 3 new judicial administrative assistants.

Current court of appeals law clerk annual salary is \$48,168 and estimated benefits are \$16,484 for a total of \$387,912 in salaries and benefits per year for 6 new law clerks.

Judge chambers space would need to be added in each court of appeals division facilities at a cost of \$15 per sq. ft.. It is estimated that approximately 800 sq. ft. is required for the judge, judicial assistant and law clerks. The estimated cost per division is 800 sq. ft. x \$15 = \$12,000. The total estimated new facility cost in for the three divisions would be \$36,000 per year.

Section 224 would allow the new judges for the tax division to take any action necessary to enable the judges to properly exercise the duties, functions, and powers given the tax division of the court of appeals as of February 1, 2017. Therefore, it is assumed the salary expenditures for the 3 new judges would begin in fiscal year 2017 even though the new tax division of the court of appeals would be effective July 1, 2017.

Section 103(2)(a) would require the judges of the main department to appoint one or more individuals to sit as commissioners at locations within the state.

Current court of appeals commissioner salary is \$120,984 per year and estimated benefits are \$28,761 for a total of \$149,745 per year for one commissioner. Assuming there would be at least 3 commissioners appointed, one for each court of appeals division, the total salaries and benefits would be \$449,235 per year for 3 new commissioners.

This bill would result in a total of 15 new Court of Appeals FTE.

Average on-going goods and services, travel, etc. per FTE is \$2000. 15 FTE x \$2000 = \$30,000

Average one time set up costs (computer, chair, etc.) per FTE is \$5000. 15 FTE x \$5000 = \$75,000

ADMINISTRATIVE OFFICE OF THE COURTS (AOC) - 055:

This bill would require modifications to the Judicial Information System (JIS) to add the new division of tax appeals to the system.

These changes are estimated to take 1416 hours of AOC staff time which equates to a one-time cost of \$ 75 ,000.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

<i>State</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		7.5	3.8	15.0	15.0
Salaries and Wages		404,194	404,194	2,720,736	2,720,736
Employee Benefits		114,648	114,648	740,598	740,598
Professional Service Contracts					
Goods and Other Services		33,000	33,000	132,000	132,000
Travel					
Capital Outlays		75,000	75,000		
Inter Agency/Fund Transfers					
Grants, Benefits & Client Services					
Debt Service					
Interagency Reimbursements					
Intra-Agency Reimbursements					
Total \$		626,842	626,842	3,593,334	3,593,334

III. B - Expenditure By Object or Purpose (County)

<i>County</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
Salaries and Benefits					
Capital					
Other					
Total \$					

III. C - Expenditure By Object or Purpose (City)

<i>City</i>	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
Salaries and Benefits					
Capital					
Other					
Total \$					

III. D - FTE Detail

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Court of Appeals Commissioner	120,984		1.5	0.8	3.0	3.0
Court of Appeals Judge	164,238		1.5	0.8	3.0	3.0
Judicial Administrative Assistant	53,148		1.5	0.8	3.0	3.0
Law Clerk	48,168		3.0	1.5	6.0	6.0
Total FTE's	386,538		7.5	3.8	15.0	15.0

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 085-Office of the Secretary of State
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
Account					
General Fund-State 001-1	0	37,971	37,971	14,627	13,378
Total \$	0	37,971	37,971	14,627	13,378

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: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Temple Allen	Phone: 360-704-5215	Date: 01/27/2015
Agency Approval: Mark Neary	Phone: 360-902-4186	Date: 01/27/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/27/2015

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.

The bill adds three new elected state offices, requiring additional content in the state voters' pamphlet. Counties would see an added fiscal impact due to additional required content on the ballot.

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.

Sec. 102(4) establishes three new positions in the court of appeals.

Sec. 107(2) identifies when these offices will be up for election.

In 2016, all three offices will be up for election. After taking office, the initial terms of each position will be determined.

Voters' Pamphlet costs

In 2016, all three judicial offices will appear in the general election voters' pamphlet. This will require three additional pages, at an average per page cost of \$12,657 (based on costs for the 2012 voters' pamphlet).

In subsequent state election years, only one judicial office will appear in the general election voters' pamphlet. This will require one additional page in each of these years.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		37,971	37,971	14,627	13,378
G-Travel					
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	\$37,971	\$37,971	\$14,627	\$13,378

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.

Individual State Agency Fiscal Note

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Legal Services Revolving Account-State 405-1				1,807,024	1,274,714
Total \$				1,807,024	1,274,714

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	0.0	0.0	6.4	4.5
Account					
Legal Services Revolving Account-State 405-1	0	0	0	1,807,024	1,274,714
Total \$	0	0	0	1,807,024	1,274,714

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: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 01/27/2015
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 01/27/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/27/2015

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 101 is a new section stating legislative findings and intent.

Section 102 amends RCW 2.06.020 to create within the Court of Appeals a division for tax appeals with statewide jurisdiction, consisting of three judges. The tax appeal division may hold hearings in any location in the state that is convenient to the parties.

Section 103 adds a new section to RCW 2.06 providing that the tax appeal division must consist of (a) the main department of three judges who may individually hear and decide tax appeals, except en banc proceedings that must be heard by a three judge panel, and (b) the commissioner department that must hear all appeals that are not heard initially by the main department. The judges of the main department must appoint one or more individuals to sit as commissioners. Required qualifications of commissioners are listed.

Section 104 amends RCW 2.06.030 to add a reference to section 109 of this act.

Section 105 amends RCW 2.06.040 to require that the main department of the tax appeal division issue final decisions in writing that state the grounds of the decision. Except for en banc decisions, the decisions by the main department must include findings of fact and conclusions of law. All decisions by the main department must be published as opinions of the court. Decisions of the main department by a single judge are subject to discretionary review by the Supreme Court. Except for decisions rendered in appeals from the superior court under section 109(3) of this act, the parties to an en banc decision have a right of appeal to the Supreme Court. Final decisions of the commissioner department also must be in writing and include a statement of the facts and the conclusions of law. Such decision must be made readily available for online research, but they may not be published as opinions of the tax appeal division, and may not be cited or relied upon as precedent. Decisions of the commissioner department or an order of a commissioner are subject only to a petition for review to the main department.

Section 106 amends RCW 2.06.050 to state the required qualifications of a judge of the tax appeal division.

Section 107 amends RCW 2.06.070 to address the election of the judges to the tax appeal division.

Section 108 amends RCW 2.06.150 to provide that a judge pro tem of the tax appeal division must be qualified for the position as provided in RCW 2.06.050(3).

Section 109 adds a new section to RCW 2.06 providing that all proceedings before the tax appeal division must be original, independent proceedings and must be tried without a jury and de novo. The tax appeal division is given such procedural powers and authority as necessary to the full exercise of its jurisdiction. The jurisdiction of the tax appeals division is described. Except as provided, a taxpayer has the right to have his or her case heard by the tax appeal division prior to payment of assessed amounts and the posting of any bond.

Section 110 adds a new section to RCW 2.06 requiring the tax appeal division to stay collection of all or any part of an assessment unless it makes certain findings. The tax appeal division also may stay collection in the interest of justice. The tax appeal division may not stay collection in a hearing in which the notice of appeal was filed

prior to January 1, 2017.

Section 111 adds a new section to RCW 2.06 providing that an appeal to the tax appeal division is initiated by the filing of a notice of appeal as provided by court rule. Except as provided, the notice of appeal must be filed within 90 days after receipt of the tax determination being appealed. Filing fees are set.

Section 201 amends RCW 34.05.030 to provide that RCW 34.05.410 through RCW 34.05.598 do not apply to a review hearing conducted by the tax appeal division.

Section 202 amends RCW 34.12.030 to strike a reference to the Board of Tax Appeals (BTA).

Section 203 amends RCW 39.88.060 to replace references to BTA with references to the tax appeal division.

Section 204 amends RCW 42.17A.705 to strike references to BTA and its executive secretary.

Sections 205 through 207 amend various statutes to replace references to the BTA with references to the tax appeal division.

Section 208 amends RCW 82.32.160 to authorize taxpayers, within 90 days of receiving a notice of additional taxes, delinquent taxes, interest, or penalties assessed by the Department of Revenue (DOR), to file an appeal with the tax appeals division.

Section 209 amends RCW 82.32.170 to require the DOR to promptly consider administrative refund claims filed by taxpayers. If DOR denies the taxpayer's claim, the taxpayer may file an appeal with the tax appeal division within 90 days.

Section 210 amends RCW 82.32.180 to strike the requirement pay in full before filing a refund claim in Thurston County Superior Court. The statute also is amended to allow taxpayers to directly file appeals in the tax appeal division.

Sections 211 through 223 amend various statutes to replace references to BTA with references to the tax appeal division.

Section 224 is a new section providing that prior to the creation of the tax appeal division on February 1, 2017, judges of that division may tax any action necessary to enable them to properly exercise the duties, functions, and powers given to the tax appeal division.

Section 225 is a new section transferring various things such as documents, appropriations, employees, rules, pending matters, powers, duties, and functions from the BTA to the tax appeal division.

Section 226 is a new section repealing numerous acts or parts of acts related to the BTA. In addition, RCW 82.32.150 requiring prepayment of excise taxes and barring restraining orders and injunctions is repealed.

Section 301 is a new section providing that the act, except for sections 224 and 226, takes effect January 1, 2016. Sections 225 and 226 take effect July 1, 2017.

In order to provide legal services for DOR and savings to BTA, the Attorney General's Office (AGO) estimates a

workload impact of:

FY2018: 5.48 Assistant Attorney General (AAG) and 2.75 Legal Assistant (LA) at a cost of \$1,169,667 (this includes direct litigation costs of \$57,550).

FY2019 and in each FY thereafter: 2.98 AAG and 1.5 LA at a cost of \$637,357 (this includes direct litigation costs of \$32,500).

This bill is assumed effective on January 1, 2016, except for Sections 225 and 226 which are assumed effective on July 1, 2017.

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.

Funds are assumed to be appropriated Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agencies are assumed to be DOR and BTA. The AGO will bill DOR for legal services rendered. The AGO will not be billing BTA beginning in FY2018 resulting in modest savings to the state.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

DOR will be billed:

FY2018 (LSRF): \$1,173,523 for 5.5 AAG and 2.75 LA.

FY2019 and in each FY thereafter (LSRF): \$641,213 for 3.0 AAG and 1.5 LA.

BTA will have savings of:

FY2018 (LSRF): \$-3,856 and in each FY thereafter for 0.02 AAG.

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.

In order to provide legal services for DOR and savings to BTA, the Attorney General's Office (AGO) estimates a workload impact of:

FY2018: 5.48 Assistant Attorney General (AAG) and 2.75 Legal Assistant (LA) at a cost of \$1,169,667 (this includes direct litigation costs of \$57,550).

FY2019 and in each FY thereafter: 2.98 AAG and 1.5 LA at a cost of \$637,357 (this includes direct litigation costs of \$32,500).

Assumptions:

1. Legal services associated with the enactment of this bill are assumed to begin on July 1, 2017.

Assumptions for the AGO Revenue Division for Legal Services for DOR:

1. Legal services associated with the enactment of this bill are assumed to begin on July 1, 2017.
2. We assume the bill will result in 50 pending appeals being transferred from the Board of Tax Appeals (BTA) to the commissioner division of the tax appeal division. We further assume that these appeals, which currently are being handled by administrative law judges with DOR's Appeals Division, will require representation by AGO Revenue Division AAGs.
3. We assume this bill will result in 50 appeals each FY before the commissioner division of the tax appeal division that will require representation by AGO Revenue Division AAGs. Under current law, these appeals are filed as informal appeals before BTA and are handled by administrative law judges with DOR's Appeals Division.
4. We assume this bill will result in approximately 15 additional appeals each FY before the commissioner division of the tax appeal division. Under current law, these appeals are not filed because of the payment in full requirement in RCW 82.03.180, RCW 82.32.150, and RCW 82.32.180.
5. The typical average caseload is approximately 15 appeals per AGO Revenue Division AAG. We assume that appeals before the commissioner division of the tax appeal division will typically be less complicated than other appeals and, consequently, AAGs assigned to such appeals will be able to handle an average caseload of approximately 20 appeals. Thus, 3.0 AAG is projected to handle the expected workload increase.
6. We assume the Solicitor General's Office (SGO) will assist in DOR caseload. These costs are included in our assumptions for the Revenue Division. SGO is an administrative arm of the AGO and will bill REV for any legal services provided.
7. We assume direct litigation costs of \$500 per appeal for depositions, transcripts, court costs, and travel. This is a total of \$57,500 in FY 2018 and \$32,500 in subsequent fiscal years.
8. We assume DOR will be billed:
FY2018 (LSRF): \$1,173,523 for 5.5 AAG and 2.75 LA.
FY2019 and in each FY thereafter (LSRF): \$641,213 for 3.0 AAG and 1.5 LA.

Assumptions for the AGO Government Operations Division (GOV) for BTA:

1. We assume savings for BTA legal services based on the enactment of this bill.
2. We assume no fiscal impact relating to the enactment of this bill in FY2016. This legislation does not change current billing requirements.
3. We assume this bill will eliminate BTA, a GOV client, effective July 1, 2017. BTA may request advice on closing the board, but this is not anticipated.
4. We assume the elimination of BTA will result in lost revenue beginning in FY2018 and into the future. The elimination of the client and loss of revenue is assumed to be \$3,856 per FY.
5. BTA will have savings of:
FY2018 (LSRF) and in each FY thereafter: \$-3,856 for -0.02 AAG.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years				6.4	4.5
A-Salaries and Wages				937,603	660,838
B-Employee Benefits				291,865	205,736
C-Professional Service Contracts				90,000	65,000
E-Goods and Other Services				449,390	316,274
G-Travel				12,692	8,942
J-Capital Outlays				25,424	17,924
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	\$1,806,974	\$1,274,714

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 2016	FY 2017	2015-17	2017-19	2019-21
Assistant Attorney General	90,972				4.2	3.0
Legal Assistant II	42,588				2.1	1.5
Total FTE's	133,560				6.4	4.5

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Government Operations Division (GOV)				(7,712)	(7,712)
Revenue Division (REV)				1,814,736	1,282,426
Total \$				1,807,024	1,274,714

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.

None.

Department of Revenue Fiscal Note

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		(14,958,000)	(14,958,000)	(27,194,000)	(6,443,000)
Total \$		(14,958,000)	(14,958,000)	(27,194,000)	(6,443,000)

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1		0.1	(1.4)	(1.4)
Account					
GF-STATE-State 001-1	11,100		11,100	1,540,500	1,008,200
Total \$	11,100		11,100	1,540,500	1,008,200

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: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Kim Davis	Phone: 360-534-1508	Date: 01/26/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/26/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/26/2015

Request # 5449-2-2

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 the written description of the third year expenditure costs, and supersedes fiscal note number 5449-1.

This bill creates a tax division of the Court of Appeals, with a main department and a commissioner department. It replaces the state Board of Tax Appeals (Board).

Taxpayers who receive an assessment from the Department have 90 days to file an appeal. They may appeal to either the Department or to the tax division of the court of appeals. Under current law taxpayers must file an appeal within 30 days of receiving an assessment or within the period covered by any extension of the due date.

Taxpayers may file a refund claim with DOR, and may appeal an adverse decision to the tax division within 90 days. Alternatively, at any time within the non-claim period, Taxpayer can file a refund claim directly with either the Superior Court of Thurston County (as they can under current law), or with the tax division.

A tax assessment no longer needs to be paid in full before a taxpayer may commence court proceedings to contest all or any part of the assessment. The bill directs the tax division of the Court of Appeals to stay collection of an assessment issued by the Department of Revenue (Department) upon petition of the taxpayer. The stay of collections remains in place up to 60 days after the final decision. No stay of collections may be issued where the notice of appeal was filed before January 1, 2017.

A taxpayer who appeals to the commissioner department may petition for review of the decision by the main department. Decisions of the main department may be appealed to the Supreme Court.

Except for Sections 225 and 226, this bill takes effect January 1, 2016.

Section 225 (transfer of the Board to the tax division of the Court of Appeals) and Section 226 (repeal of multiple RCWs) take effect July 1, 2017.

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

- No large case is included in this estimate.
- An estate tax case similar to Bracken in 2013 would make the loss substantially higher. Estates can't go to the BTA but would be able to use the tax division of the Court of Appeals.
- This estimate uses averages so there is no growth factor included.
- Number of taxpayers appealing decisions will not increase.

- Appeals made to the tax division of the Court of Appeals:
 - 50 Informal Board appeals per year, with average amount at issue of \$80,000 will be heard by the commissioners department.
 - 15 additional actions will be heard by the commissioners department.
 - 30 Formal Board appeals per year, with average amount at issue of \$1 million will be heard by the main department because they are more complex cases.

- A large case could cause significantly larger losses than those shown.
- The commissioners department will take about 18 months to decide a case.
- 15 percent of cases are for taxpayers requesting a refund.
- 85 percent of taxpayers have an assessment and will request a stay of collection.
- The Board will allow a stay of collection on 100 percent of requests.
- The Department prevails in 60 percent of cases heard.
- 15 taxpayers will appeal their commissioners department decision to the main department, with an average amount at issue of \$80,000.
- The main department will take 6 to 9 months to decide a case.
- Any stay of collection will be valid until 60 days after the final tax division issues its final decision or rules on a motion for reconsideration, whichever is later.
- Revenues delay:
 - Stay of collections will delay revenues from 1 to 3 years.
 - Approximately 10 percent of the tax will become uncollectable.
- Superior Court Actions:
 - Superior Court actions are filed on 5 Board decisions per year.
 - Average appeal to Superior Court is \$1.5 million.
 - On average, it takes about 2.5 years for a case to be decided.
 - Taxpayers will need to pay tax before appealing to the State Supreme Court.

DATA SOURCES

- Department Appeals Data (Fiscal Year 2011 through Fiscal Year 2013).
- Department Settlement Data (2008 through 2010)
- Office of Attorney General Court Data (Fiscal Year 2011 through Fiscal Year 2013).

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$15.0 million in Fiscal Year 2017, and by \$22.3 million in Fiscal Year 2017.

The estimate is conservative for the following reasons:

- Does not assume any growth in the number of appeals the Department will receive.
- Does not include an impact for estates that no longer have to pay the tax and then file a court action.
- Does not include an impact for additional reductions in property tax valuations.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2016 -	\$ 0
FY 2017 -	(\$ 14,958)
FY 2018 -	(\$ 22,266)
FY 2019 -	(\$ 4,928)
FY 2020 -	(\$ 3,451)
FY 2021 -	(\$ 2,992)

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:

- These expenditures assume the Department will be represented by the Attorney General's Office (AGO) in all appeals to the new tax division,
 - This bill affects fewer than 100 taxpayers per year, including,
 - 50 Informal Board appeals per year, and
 - 30 Formal Board appeals per year.
-
- If AGO representation is not required for informal appeals to commissioners then almost all of the cost for the AGO will be eliminated as will the currently assumed reduction in FTEs,
 - A small increase in Department FTEs will be required as the prospect of a stay of collection will increase the number of cases being appealed,
 - Under this scenario, the cost for each Fiscal Year 2018-2021 is approximately \$67,000, representing 0.7 of an FTE. This does not include any increases incurred by the AGO due to the increase in the number of cases being appealed.

FIRST YEAR COSTS:

The Department will incur total costs of \$11,100 in FY 2016. This represents time and effort to amend one administrative rule.

SECOND YEAR COSTS:

There are no costs in Fiscal Year 2017.

THIRD YEAR COSTS:

The Department will incur total costs of \$1,036,400 in Fiscal Year 2018. These costs include:

Labor Costs - Time and effort equates to a reduction of 1.4 FTEs.

- Reduced workload for administrative appeals.

Object Costs - \$1,173,500.

- Department representation by Attorney General's Office.

FOURTH YEAR COSTS:

The Department will incur total costs of \$504,100 in Fiscal Year 2019. These costs include:

Labor Costs - Time and effort equates to a reduction of 1.4 FTEs.

- Reduced workload for administrative appeals.

Object Costs - \$641,200.

- Department representation by Attorney General's Office.

ONGOING COSTS:

Ongoing costs for the 2019-2021 Biennium equal \$1,008,200 and include similar activities described in the third year costs. Time and effort equates to a reduction of 1.4 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.1		0.1	(1.4)	(1.4)
A-Salaries and Wages	7,100		7,100	(183,000)	(183,000)
B-Employee Benefits	2,100		2,100	(54,800)	(54,800)
E-Goods and Other Services	1,200		1,200	1,782,700	1,250,400
J-Capital Outlays	700		700	(4,400)	(4,400)
Total \$	\$11,100		\$11,100	\$1,540,500	\$1,008,200

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 2016	FY 2017	2015-17	2017-19	2019-21
ADM ASST 3	35,928				(0.1)	(0.1)
ADM ASST 5	47,014	0.0		0.0		
EMS BAND 4	103,896	0.0		0.0		
EMS BAND 5	121,645	0.0		0.0		
HEARINGS SCHEDULER	32,688	0.0		0.0		
SEC SR	31,175				(0.1)	(0.1)
TAX POLICY SP 2	61,628	0.0		0.0		
TAX POLICY SP 3	69,756	0.1		0.0	(1.0)	(1.0)
TAX POLICY SP 4	75,080	0.0		0.0	(0.2)	(0.2)
Total FTE's	578,810	0.1		0.1	(1.4)	(1.4)

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.

Should this legislation become law, the Department will use the standard process to amend WAC 458-20-100, titled: "Appeals" . Persons affected by this rule-making would include all taxpayers with an appeal being heard by the new tax division of the Court of Appeals.

Individual State Agency Fiscal Note

Bill Number: 5449 SB	Title: Appeals court tax division	Agency: 142-Board of Tax Appeals
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
Account					
General Fund-State 001-1	0	0	0	(2,569,000)	(2,569,000)
Total \$	0	0	0	(2,569,000)	(2,569,000)

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: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Preparation: Rikki Bland	Phone: (360) 753-5446	Date: 01/26/2015
Agency Approval: Steve Saynisch	Phone: 360-753-5446	Date: 01/26/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/26/2015

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.

According to section 225 of this bill, the Board of Tax Appeals would be transferred into the new tax appeal division of the Court of Appeals.

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.

n/a

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.

BTA reports no impacts for FY16/17 (business as usual) and a negative fiscal impact of \$-1,284,000 for FY18 when The Board of Tax Appeal's transfer occurs to the Court of Appeals. This would be on-going.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
A-Salaries and Wages				(1,864,712)	(1,864,712)
B-Employee Benefits				(440,792)	(440,792)
C-Professional Service Contracts				(21,048)	(21,048)
E-Goods and Other Services				(160,000)	(160,000)
G-Travel				(4,714)	(4,714)
J-Capital Outlays				(77,734)	(77,734)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	(\$2,569,000)	\$(2,569,000)

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5449 SB	Title: Appeals court tax division
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

☐ Cities:

☒ Counties: Significant (greater than \$1 million) costs to move cases from administrative to court venue.

☐ 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: Specific prosecution costs, amount counties would pay in filing fees, and additional costs to BOEs.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Darleen Muhly	Phone: (360) 725-5030	Date: 01/29/2015
Leg. Committee Contact: Melissa Burke-Cain	Phone: 786-7755	Date: 01/22/2015
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/29/2015
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 01/30/2015

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 creates a tax appeal division of the Court of Appeals, with a main department and a commissioner department to replace the state Board of Tax Appeals (BTA). (Under current law, property tax appeals of Board of Equalization decisions are heard by the BTA.)

The bill specifies that tax appeal division may hold hearings in any location in the state that is convenient to the parties and the county clerk or board of county commissioners must provide suitable rooms for hearing upon a reasonable request of a tax appeal division judge.

This bill specifies that the appellant must pay a \$250 fee to appeal to the main department of the tax appeal division and \$50 fee to appeal to the commissioner department. A taxpayer who appeals to the commissioner department may petition for review of the decision by the main department. Decisions of the main department may be appealed to the Supreme Court.

This bill takes effect January 1, 2016, except for sections 225 (transfer of the Board to the tax division of the Court of Appeals) and 226 (repeal of multiple RCWs), which take effect July 1, 2017.

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 would have an indeterminate, but significant (more than \$1 million annually) cost to local governments, related to cases moving from an administrative venue to a court venue.

According to the Board of Tax Appeals, property tax appeals represent approximately 90 percent of their cases. BTA currently has 3,099 property tax cases which take an average of 18 months from filing to close. Of those, 168 are formal appeals. Generally formal appeals are the only ones where counties are represented by a prosecutor or contract attorney. The rest are handled by an appraiser or assessor. Moving these cases to the courts would require counties to use prosecutors for all of these cases. Assuming 1,954 cases per year and prosecutor time at \$50.62 per hour for at least three days per case, the additional cost to counties would be at least \$2.4 million annually.

This bill also would require counties to pay \$50 to file appeals in commission cases and \$200 in court cases. It is unknown how many appeals counties would file in each venue. Therefore this expense is indeterminate.

County Board of Equalizations may also incur additional costs to prepare records for the court venue. It is unknown how much, if any additional effort this would require. However, these impact could be significant. According to the BTA, it can spend up to three weeks preparing BOE records for one case in superior court.

This bill would also require counties to provide space for hearings upon a reasonable request of a tax appeal division judge. Information on court space costs can be found in the Administrative Office of the Courts fiscal note.

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.

It is assumed that the outcome of property tax appeals would not change as a result of this bill. Therefore no local government revenue impact is expected.

SOURCES:

Board of Tax Appeals

Washington Association of County Officials