

Department of Revenue Fiscal Note

Bill Number: 2594 HB	Title: Homeowners' assoc. taxes	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 01 - Retail Sales Tax		(602,000)	(602,000)	(1,377,000)	(1,418,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(1,000)	(1,000)	(2,000)	(2,000)
Total \$		(603,000)	(603,000)	(1,379,000)	(1,420,000)

Estimated Expenditures from:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
GF-STATE-State 001-1	1,300		1,300		
Total \$	1,300		1,300		

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 # 2594-3-3

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 revenue impacts, and supersedes fiscal note number 2594-2.

This bill exempts charges paid by a member of a homeowners' association for access or admission to any amenity, common area, facility, or other entity operated by the association from retail sales and use tax.

"Homeowners' association" or "association" is defined in RCW 64.38.010. The definition excludes condominiums.

"Member" is defined in RCW 64.38.010.

The exemption and definitions take effect on July 1, 2016.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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

- There are condominium owners and single-family homeowners that share the same community and neighborhood amenities. However, it is assumed that the condominium owners will not receive the sales tax exemption.
- Ten percent of homeowners' fees are for access or admission to any amenity, common area, facility.

DATA SOURCES

- Joint Legislative Audit and Review Committee.
- National Board of Certification for Community Association Managers.
- Global Insights forecast data.

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$603,000 in the 11 months of impacted collections in Fiscal Year 2017, and by \$687,000 in Fiscal Year 2018, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$232,000 in the 11 months of impacted collections in Fiscal Year 2017, and by \$264,000 in Fiscal Year 2018, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2016 -	\$ 0
FY 2017 -	(\$ 603)
FY 2018 -	(\$ 687)
FY 2019 -	(\$ 692)
FY 2020 -	(\$ 708)
FY 2021 -	(\$ 712)

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

FY 2016 -	\$ 0
FY 2017 -	(\$ 232)

FY 2018 - (\$ 264)
FY 2019 - (\$ 266)
FY 2020 - (\$ 272)
FY 2021 - (\$ 274)

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 bill affects approximately 2,000 taxpayers.

FIRST YEAR COSTS

The Department of Revenue will incur total costs of \$1,300 in Fiscal Year 2016. These costs include:

Object Costs - \$1,300.
- Print and mail special notice.

ONGOING COSTS

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
E-Goods and Other Services	1,300		1,300		
Total \$	\$1,300		\$1,300		

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.

No rule making required.