

Multiple Agency Fiscal Note Summary

Bill Number: 6361 SB	Title: Vacant land redevl. tax ex.
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

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

ENPID: 50204

FNS029 Multi Agency rollout

Department of Revenue Fiscal Note

Bill Number: 6361 SB	Title: Vacant land redevl. tax ex.	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

NONE

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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Agency Preparation: Stephen Cleverdon	Phone: 360-534-1507	Date: 01/24/2018
Agency Approval: Kim Davis	Phone: 360-534-1508	Date: 01/24/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/25/2018

Request # 6361-1-1

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 bill authorizes a limited property tax exemption for first-class cities (as opposed to code cities) that have a population between 150,000 and 250,000.

Cities may adopt a resolution of intention to create a property tax exemption. The exemption is for new or expanded construction to vacant or undeveloped land. The improvements must meet specific conditions, including that a minimum of ten or more family living wage jobs will be created as a result of the new construction.

Construction must be

- located in an area zoned for mixed use, commercial, or industrial.
- located on land which is vacant or undeveloped.

The exemption:

- Applies only to the value of new or expanded improvements, not the land.
- Applies to all property taxes, except school district levies and the state school levy.
- Is not available to properties receiving an exemption for multi-unit property tax exemption under chapter 84.14 RCW.
- Continues for up to 10 successive years after completion.
- Creates a new tax preference as defined in RCW 82.32.805, and will expire in 10 years.

This proposal is effective for taxes due in 2019.

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:

- This proposal does not impact local school district levies or the state levy.
- A revenue loss is incurred by local taxing districts because this proposal would delay the new construction add-on to the levy limit for ten years.
- This exemption is allowable only in a cities that adopt a resolution of intention to create the property tax exemption. Only a first class city with a population between 150,000 and 250,000 may do so.
- For the purposes of levy limit calculations, the addition of new construction that qualifies for this exemption is delayed for ten years.

REVENUE IMPACT:

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

Cities must adopt a resolution of intention to create this property tax exemption. The fiscal impact of this proposal is indeterminate because it's unknown which, if any, cities will implement this new exemption.

This proposal would not impact local school district levies or the state levy.

There is a revenue loss to local regular taxing districts because exempted value is removed from new construction and assessed value tax rolls. Increases in new construction allow regular taxing districts (e.g. cities, hospitals, fire districts) to increase their budgets by the value of new construction multiplied by their rate from the previous year.

This proposal would result in a shift of property taxes from owners of exempt property to all other owners of properties located in the same taxing district as the exempt property. The shift would occur for excess levies and levies for bonds.

State Government, if applicable (cash basis, \$000): None

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

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 Department's costs to implement this legislation will be minimal and can be absorbed.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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.